

For Secretary of State and
false account of trade dollars
refuted by him in the Standard,
see pp. 27-28, See 26945
He did not take them away
in Dec. 1877
~~Standard was compelled to do so~~
REFUSING ITS OWN COIN

A PROTEST

AGAINST

REPUDIATING UNITED STATES COIN
—EVEN TRADE DOLLARS.

HALLOCK.

Price 30 Cents.

465 Hallock, James C. REFUSING ITS OWN COIN. A PROTEST AGAINST REPUDIATING UNITED STATES COIN - EVEN TRADE DOLLARS. Brooklyn, published by the author, 1884. 134pp. orig. wraps. Fine. The author was an M.D. with a keen interest in American coinage history. A serious and informative account against coinage from the 1850's to the present, intended to support the argument against further coinage of silver dollars and the provision making them exclusively legal tender; of considerable numismatic interest. NUC locates 3 copies. Very scarce. \$75.00

REFUSING ITS OWN COIN

A PROTEST

AGAINST

REPUDIATING UNITED STATES COIN
—EVEN TRADE DOLLARS.

BY

JAMES C. HALLOCK, Jr., M.D.

We, the People, have the right to pay our Treasury in its own Coin.

BROOKLYN:

PUBLISHED BY THE AUTHOR,
445 SIXTH STREET.

1884.

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C. G. BURGOYNE,
PRINTER,
57-61 Park St., N. Y.

INTRODUCTION.

The legal-tender decision, recently delivered (March 3, 1884) by the Supreme Court of the United States, releases Congress from every constitutional restraint, heretofore supposed to exist, in reference to the issue of coins and notes. Congress is given *carte blanche* to do as it pleases with our coinage and currency; and it is for the present generation to define the limits beyond which Congress shall not go.

In one respect the decision is opportune. It judicially declares, in substance, that this age must take care of itself. Our forefathers, with the best intentions, framed the Constitution in the light of their day. They were unable to solve the problem of coinage and currency. They did not know what they wanted. At best the words of the Constitution were the perfect flower of their wisdom. The statesman of 1787 was ignorant of steamboat, railway, telegraph and clearing house. Was he capable of laying down rules to bind us? Could he foresee our present needs? The Justices of the Supreme Court think not. For over twenty years the crude, meagrely expressed notions of the last century, have been brushed aside, and other ideas, in part better, in part worse, have been put into practice. Before the Court's opinion was asked for, the order of things

had been modernized. The Court had to deal with accomplished facts. Is the popular will, as embodied in our currency laws since 1862, to be condemned and overruled? If so, what is to take its place? The justices can offer no solution of the problem. The indefinite Constitution gives none. Somebody must act. And Congress naturally does what it chooses with our coinage and currency. But behind Congress, in name and in fact, is the people. As usual the Supreme Court proves true to its time-serving motto of conservatism—whatever is right. It will not interfere. The task of reformation and progress is left with us and our representatives to do as we will in the premises, whatever our Revolutionary sires may have intended or expected. We must make our own rules, learn them like the multiplication table, and insert them in the Constitution.

To set any bounds at all to the power of Congress over the circulating medium, the Constitution must now be amended. To alter the Constitution, two-thirds of both Houses of Congress, and three-fourths of the States must deem the amendment necessary. In a word, the nation must consent. The propriety of the change must be made plain to millions of citizens, to a majority of voters in at least 29 States. This condition of success carries the question above party politics.

What is the first bound to be fixed, beyond which neither Congress nor Treasury shall pass? Some things, all will admit, must not be permitted. Certainly a sufficient number of citizens to secure a

constitutional amendment, would agree with me that Congress should be divested of all power to permit the refusal of United States coin by the United States Treasury. To pay a man in his own coin is generally thought to be fair. What can be more reasonable than to pay a Treasury in its own coin? The proper rule to establish is that *United States coin shall be everywhere receivable at its face value in all payments to the United States.* Some persons would say, of course the Treasury should not refuse any of its coins except the trade dollar. Except nothing. Let our wise and just rule be kept at all times without exception. Nearly all Americans would unite in condemning its refusal of gold coin. Yet, our gold has also been dishonored. A banker of New York City can tell how the Treasury refused in 1881 the gold he offered. At that time the Attorney-General immediately decided that the Treasury must receive its gold. And whenever it has refused any of its coins, a proper decision would have compelled their acceptance. But a Treasury that can so far forget itself as to refuse gold, is not going to decide properly.

The necessity of the proposed rule will be evident to every one who reads my correspondence with the Executive Department in regard to the Treasury's refusal of trade dollars. Secretary Folger is the first official to admit that their holders have any rights which the Government is bound to respect. In his annual report of 1883, he says: "The reading of the laws taught the people that the trade dollar was a coin of their sovereignty, and for the

redemption of which, at an unabated value, their Government was bound. . . . It is plain that a busy people, finding this coin afloat in the channels of business, styled a coin of the United States, would readily believe that it was an authentic issue of the Government and to be redeemed by the Government, the same as other money put out by it. . . . It is best, once for all, to call it in and put it out of possible use."

All these things, the Treasury had previously denied. Even Secretary Folger allowed himself a few months before (in July, 1883) to sign an official letter addressed to me, inclosing the usual false account of the trade dollar. After my reply the Treasury's position changed. He now admits there is a right here. Where there is a right, the lawyers say, there is a remedy. *Ubi jus, ibi remedium.* Where the law gives a right, it gives a remedy for the recovery of that right. Secretary Folger's predecessors and subordinates saw neither right nor remedy. He sees the right but not the remedy. They were stone blind; he, however, can distinguish between daylight and darkness. Can the learned Judge have forgotten the old maxim, "there is no wrong without a remedy." In the case of the trade dollar there are two remedies:

Either, their reception by the Treasury as its own coin which no law, human or divine, commands it to reject, trade dollars thus received not to be paid out, under present laws, except to public creditors willing to receive them at their face value;

Or, their reception as equivalents of standard silver dollars, according to the Act of February 28,

1878, trade dollars thus received being unlimited legal tenders, and exchangeable for silver certificates, the same as standard silver dollars.

The trade dollars and our gold pieces are not the only coins of the United States that our Treasury has refused. Since 1851 it has refused, at some time in some way, every denomination of United States coin, from the copper cent to the double eagle. Such refusal was in no case required by law. The Treasury might and should have received its own coin wherever offered. Had it done so while issuing trade dollars their coinage would have been \$20,000,000 less, and nobody would have lost a cent by them.

The Treasury for four years levied and collected duties on imports "at the trade dollar rate;" and there is at present a standing order to collectors of customs to impose duties at that rate in certain cases. By its own action it placed the trade dollar on an equality with gold and standard silver dollars.

The plea that it is without authority to receive trade dollars is unworthy of consideration. Does it not receive greenbacks for customs duties without authority of law? Its refusal of trade dollars is shameless, inconsistent and intolerable.

The reader may say: "I have none; what do I care?" Perhaps you are one of those who are equally careless about the continued coinage of standard silver dollars. Others are more thoughtful. Some merchants of New York informed Congress,

"That the trade dollar having been issued with a view to its exportation, in the interest of the producers of silver, made a legal tender and then repudiated, and the coinage of the standard legal tender dollar in enormous quantity, beyond the necessities of the public, having also been authorized in the same special interest, we are apprehensive lest the Government may pursue the same vacillating policy with the standard as with the trade dollar and, after forcing them into circulation, may take away their legal tender function and *unload them upon the community*" (Memorial of the New York Mercantile Exchange, February 3, 1883).

Sellers of goods are not specially interested in what becomes of them or into whose hands they fall, except so far as their use or disposition determines further sales. To sellers of silver the metal is simple merchandise. The course of their sales to the government for ten years past is worth studying. They sold it in large quantity to the Treasury for conversion into subsidiary pieces (halves, &c.), until that coinage was vastly overdone; they hired the Treasury to coin a thousand tons into trade dollars until that coinage, too, was egregiously overdone; but before the latter was stopped they had secured from Congress a perpetual privilege to sell silver to the Treasury. This market is open every week in the year. They will never consent to close it. "Sell, sell," is their motto; the ordinary motto of business men. They know, if they lose this privilege for the shortest time, it would be very difficult, if not impossible, to secure its renewal. What becomes of these millions of subsidiary silver, trade dollars and standard silver dollars that

ought never to have been coined, is nothing to them provided the accumulation of useless pieces is not made the ground for suspending the Government purchases of silver.

Who can tell of what value it will be to the American people to establish at once and preserve for centuries the rule here proposed? With it in force, standard silver dollars, however many are coined, will always be payable at par to the Treasury. This rule will not make the continued coinage of silver dollars a safe proceeding; but it will prevent the Treasury's unloading them upon us (as anticipated by the merchants) and abandoning them as it has abandoned trade dollars.

This continual buying and continual coinage of silver now going on was a compromise measure reached after a long national discussion (since made international), which any serious effort to suspend the coinage would reopen. To escape all evil, the entire problem of coinage and currency must be solved. If it is not completely solved, any change made at hap-hazard by our representatives in an unenlightened state of public sentiment, is likely to be worse than the present arrangement, and to entail for a term of years severe financial distress which (it is, however, to be understood) the present heaping up of silver dollars, also, may at any time run us into. "As if a man did flee from a lion, and a bear met him; or went into the house, and leaned his hand on the wall, and a serpent bit him."

What shall we do? How begin? Whither shall we turn? "If you wish a thing to be well done, you

must do it yourself, you must not leave it to others." Persons can do more than they think, as I had occasion to observe last week. I had just finished the note on page 50 when I heard an energetic old lady, standing on the front stoop cry, "Oh! Oh!" with mingled compassion and horror. As it was the noon-hour, I inferred that her grandson was out of school and in some muss. How quiet he is, I thought; he must be very angry. What can he be doing to shock his grandmother so? Before I could take up again the interrupted train of thoughts about the trade dollar, I was called: "Doctor! doctor! somebody's hurt." I rushed out. The servant next door had fallen while crossing the street with an armful of bottles which she intended to cast into the vacant lots opposite. I saw the broken glass in the middle of the street, much blood there and a red line to the house. It must be a serious injury. After returning for my pocket-case of instruments, I was soon on the pavement again where the neighbors' children, in silence, with eyes wide open, full of wonder and awe, watched me as I followed the bloody trail into the house that the hired girl had entered a few minutes before exclaiming to her mistress: "I have killed myself." Through the long basement hall, as I approached, I could see them in the kitchen standing over a stationary wash-tub, the lady applying common salt to an ugly wound in the girl's forearm, just below the bend of the elbow. My first glance showed me jets of blood spurting three inches from the arm. Shocked to see a fellow-creature's life-blood allowed to flow

without let or hindrance, I seized the arm and pressing upon the large artery above the wound easily cut off the supply of blood to that terrible fountain. As to the lady's remedy, I told her soon after it was a waste of salt. The girl had already lost so much blood that she now fainted. We laid her on the floor and restored her to consciousness. Then I showed the lady where to put her fingers, and as she took my place and compressing the artery held the flow of blood in check, I marveled at the improvement in her usefulness. Protesting that she was "nervous" and undone by such scenes, she was doing as well as any one could do. Kind and humane, she would have helped any sufferer in such straits. Yet with all her interest in this girl; with her sympathetic little child piteously asking, "Will Katie die?" she was of no use until instructed. Had I not happened to be there on the spot the girl would have died before her eyes, for there was not time to fetch another physician; and she had but to stretch forth her hand to save the girl. She knew not what to do. I next tied a napkin about the girl's arm above the elbow, and with a wooden clothes-pin screwed up the bandage so tightly that no blood flowed from the arm. Now leaving the lady to hold the clothes-pin I went to the front door to send the anxious school girls outside for a doctor to assist me in tying the arteries. Before he arrived the young lady that lived next door stepped in. What aid could she render? We shall see. When I was about to thread the blunt, curved aneurism-needle, used to pass the silk around the artery to be

tied, my hand trembled. "Let me thread it, doctor," said the young lady. She took it and passed the silk into the eye as coolly as if she was going to mend her glove. And after the doctor and I had carried the strong kitchen table close to the window to get the best light, and placed the wounded girl upon it, the young lady held the clothes-pin in position until I had tied the torn arteries in six places. The bandage was now loosened, but no blood flowed from the deep, jagged wound. During the hour we operated the young lady stood there, always in the right place; she was as efficient as a trained nurse, calm, attentive, handy, trustworthy, and silent save to proffer acceptable services.

The lesson I would teach is that in these United States at least a million men (and two million women) know more than they believe they do. Everybody ought to learn enough of surgery to bind a leg or arm and prevent a person's bleeding to death. To take up arteries is another thing. Your tight band or tourniquet about the limb, or your finger on the artery, above the seat of injury, is indispensable. So with the matter of coinage and currency; there are different stages in the solution. Paying the Treasury in its own coin is indispensable to any correct solution. So far as it goes it absolutely solves the question, and it is no insignificant part. But the rest; where is that to come from? One thing at a time. If your companion is injured don't leave him alone in the woods to bleed to death while you go for a doctor; first stop the bleeding. Millions of us know the Treasury must not be al-

lowed to refuse its coin. Let us solve so much of this problem, at any rate.

As the son and only pupil of the plain man who founded the New York Clearing House in 1853 after inventing its original American plan in the preceding year, I may with some propriety give my opinion as to the remainder of the solution. My father, when he gave the banks their famous Clearing House, was no more of a banker than I am. His only connection with banks, except as depositor, was as stockholder in two banks that failed. Most of the New York banks were opposed or indifferent to the formation of a Clearing House. He saw what the banks ought to do in order to serve the public well, and did not rest until they were doing it.

The expression, "All things come round to him who will but wait," was doubtless designed to encourage the patient. Some affect to believe that things come round about the same whether we do anything or not—whether we hurry or tarry. Had I not stopped the hemorrhage when I did, the girl would have lost her life; and had my father not established the Clearing House when he did, possibly there would have been none in this country from that day to this; possibly for the great public benefits of that institution and its imitators the sole credit is due to him. Do you doubt it? I will tell you why I think so. The managers of railways in the United States are surely as intelligent and as deeply imbued with the spirit of modern progress as ever the managers of our banks. In 1845—eight

years before the foundation of the New York Clearing House—Robert Stephenson and others formed the Railway Clearing House in London. There is no such Railway Clearing House in this country. Why? Because in nearly forty years no man has arisen able to combine the seemingly discordant elements and to found one.

A farmer's son sits by him, holding the reins on the way from town, and thinks of the memorable day in the coming years when he shall drive alone to market. So, as my father established the Clearing House when I was a small child, it has long been my hope to teach the solution of the coinage and currency question to my countrymen and the world. I offer this book as a fragment of the plan, and ask for every reader's view of the rule here laid down, whether he agrees with me or is in doubt as to its necessity or expediency. The right I contend for has been asserted for thousands of years and will prevail.

If encouraged, I shall immediately publish the rest of the solution under the title, "Stop the Coinage of Silver Dollars." If people are not ready for it, I must wait.

Diseases sometimes approach so stealthily that the physician is not sent for until the patient is prostrate; whereas his advice earlier might be invaluable. Had the lady said, "We are not quite ready for you; we will try another pinch of salt," I should not have had a minute to wait before the girl would have been on her back, apparently dying. The injury done by coining, week after week, 500,000

ounces of silver into dollars is not so clearly seen and readily appreciated as a frightful wound in the arm. Besides, that coinage has thus far done no real harm, but it may do much.

Business men can force Congress to suspend the coinage of silver dollars whenever they will. The law says: "Silver dollars * * shall be a legal tender, at their nominal value, for all debts and dues, public and private, *except where otherwise expressly stipulated in the contract.*" It is seen from this that if it be stipulated in the contract that payment shall be made by means other than that of silver dollars, you are not obliged to receive the latter in payment. This can be accomplished, after agreeing thereto, by stamping on every bill rendered, note, contract, &c., the words, "*Not payable in silver dollars.*" If any considerable number of merchants throughout the country adopted this rule, its general adoption would soon follow. When the mercantile community rejects silver dollars, as it has a legal right to do, the monthly coinage of them will appear too absurd to be continued.

Members of Congress, to be elected this fall, of whatever party, should be pledged to support two measures—

First. To prohibit the refusal of United States coin by the Treasury; and

Second. To prohibit the further coinage of standard silver dollars.

J. C. H., JR.

BROOKLYN, May 27, 1884.

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445 SIXTH ST., BROOKLYN, N. Y.,
July 11, 1883.

To the President,

CHESTER A. ARTHUR,

Washington, D. C.

The rejection of the trade dollar by the Treasury is repudiation. 'Tis a bad example. With trade dollars received at the Treasury (and the enclosed letter to the *Evening Post*¹ shows you have the power to order their receipt there) people will better understand what responsibility the Government assumes by continuing to coin silver dollars monthly.

Though Section 1 of the Act of February 21, 1857, made the Spanish and Mexican "quarters," "eighths" and "sixteenths" receivable at the Treasury for 20, 10 and 5 cents respectively, section 6 made it lawful to redeem them in *cents* "at their nominal value of 25, 12½ and 6¼ cents respectively." Similarly receiving dollars of 420 grains in exchange for dollars, 412½ grains would give the Treasury pieces of intrinsically greater for those of less value.

At least the question might be referred to the At-

¹ As the Treasury made no serious attempt to answer this letter until December, 1883, I shall print it (pp.100-16) after the rest of the correspondence to bring it next to the extract from the Finance Report of 1883, which treats of trade dollars.

torney-General for his opinion.¹ If you desired further explanation before doing even that, I would gladly furnish other points by letter or in person.

Respectfully,

JAMES C. HALLOCK, JR.

¹ When the U. S. Treasury refused U. S. gold coin in 1881, the matter was referred to Attorney-General Wayne MacVeagh, who promptly decided that the Treasury had done wrong (see p. 77).

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY.

WASHINGTON, D. C., July 19, 1883.

JAMES C. HALLOCK, JR., M. D.,
No. 445 Sixth street,
Brooklyn, N. Y.

SIR: I have to acknowledge the receipt by reference from the President of your letter of the 11th instant concerning the trade dollar.

The gist of the newspaper slip enclosed therein by you, so far as the Executive branch of the Government is concerned, is contained in this sentence: "President Arthur has ample authority to order "their receipt at the Treasury the same as standard "silver dollars."

In this I think that you lack the support of law; I feel quite certain that you lack that of legislative intention. The name given to the coin by the coinage act of 1873; the actual use to which it was at first put, in accord with the anticipation of the lawmakers who passed the act of what the use of it would be; the cotemporary discussion and comment upon it when it was created; the readiness of Congress to take away its legal tender quality when it was seen that it was put to a different use, and the usage of the Government through the period of its existence: all tend strongly to show that it may

not now, by mere Executive order, be endowed with the prerogatives which you attribute to it. At any rate, in view of these facts, I should hesitate to advise the President to exercise the power you assert for him rather than to await the re-assembling of Congress, and such action as it may choose to take.

You are already aware that a joint resolution of Congress, approved July 22, 1876, provides as follows: "That the trade dollar shall not hereafter be a legal tender;" which is very significant. As this resolution has not been rescinded or modified this Department has conceived that it has no authority to order sub-treasury officers to receive trade dollars as indicated in your letter.

I enclose for your information on this subject printed copy of Department's letter of September 3, 1878.

Very respectfully,

CHAS. J. FOLGER,¹

Secretary.

¹ This letter, signed by Secretary Folger, and the following letter, signed by Secretary Sherman, were prepared by Treasury clerks.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY.

WASHINGTON, D. C., September 3, 1878.

O. H. BOOTH, Esq.,
Mansfield, Ohio.

SIR: I hasten¹ to fulfil the promise I made you, that upon my return to the Department I would write you fully concerning the issue of the trade dollar and the present depreciation in its value.²

The coinage of this dollar was authorized by the coinage act of February 12, 1873, in words as follows:³

"That any owner of silver bullion may deposit the same at any mint to be formed into bars or into dollars of the weight of four hundred and twenty

¹ This letter, that the uninitiated would suppose was Secretary Sherman's, commences: "I hasten." Possibly it is on account of hasty preparation that every sentence contains some error, unsound doctrine, or false inference from alleged facts.

² What was the depreciation in September, 1878? Was it 11 per cent. or less than 2 per cent? Was the commercial value of the trade dollar 89 cents as supposed in this letter, or 98 cents 7 mills as recorded in the Mint Report for 1879 (p. 131)?

³ Parts of sections 21 and 25 are quoted to prove that as a farmer brings apples to the mill, pays toll and takes home the cider, so the owner of silver brought it to the mint, paid a coinage charge, and got trade dollars. The cider-mill principle, instead of being peculiar to the coinage of trade dollars, applied as much to gold as to silver.

grains troy, designated in this act as trade-dollars,¹ . . . and the charges for converting standard silver into trade dollars,² for melting and refining when bullion is below standard, for toughening when metals are contained in it which render it unfit for coinage, for copper used for alloy when the bullion is above standard, for separating the gold and silver when these metals exist together in the bullion, and for the preparation of bars, shall be fixed from time to time by the Director (of the Mint), with the concurrence of the Secretary of the Treasury, so as to equal, but not exceed, in their judgment, the actual average cost to each mint and assay-office of the material, labor, wastage and use of machinery employed in each of the cases aforementioned."

As its name indicates, the purpose of this coin was for *trade*, not for circulation, though by classifying it with other silver coins the law made it a legal tender to the amount of five (5) dollars in any one payment.³

¹ Section 20 of the act says: "Any owner of gold bullion may deposit the same at any mint, to be formed into coin or bars for his benefit."

² In this very section (25) the beginning, which is omitted in the letter, says "that the charge for converting standard gold bullion into coin shall be one-fifth of one per centum" (see p. 29, note 2).

³ Is this a fair statement? The act distinctly says "the silver coins of the United States shall be a trade dollar, a half dollar, &c." The law nowhere defines trade, but it is pictorially described on every trade dollar where an American female is seen sitting under the thirteen stars upon American bales with a sheaf of American wheat behind her, patriotically adorning herself with a ribbon marked "Liberty," and piously keeping at her feet a long, broad sash marked "In God we trust;" it is a domestic picture, American *pur sang*. If the name "trade dollar" indicates anything to the holder it is circulation at home, the very purpose to which the Amer-

At the time of the passage of the act the actual value of this dollar, including the charge of $1\frac{1}{4}$ cents for coinage, was a little more than \$1.04 in gold.¹

Under such circumstances there could be no object for the owner to put the coins into circulation, and consequently they were exported,² mostly to China, where, from lack of a circulating medium, these pieces, convenient in size, and bearing the guarantee of a great Government as to their weight and fineness, obtained an extensive circulation and created a market for the silver of the Pacific States, as intended by the act.

After a few months, however, an unforeseen depreciation in the value of silver bullion occurred, and

ican people have tried to put the piece. Are the English words on it intended for Chinamen who cannot read them or for us who can? If it bore Chinese characters and had a hole in the middle, its Asiatic destination might be suggested.

¹ Secretary Sherman, or whoever wrote page xx. of the Finance Report for 1877, says that such a dollar was worth $\$1.02\frac{13}{100}$ at that date in 1873. As to the coinage charge it was $\frac{1}{2}$ cent until March, 1875, then raised to 1 cent, and not increased to $1\frac{1}{4}$ cents until November, 1875. The actual value of this dollar, including the charge of $\frac{1}{2}$ cent for coinage, was (by the more correct calculation) $\$1.02\frac{63}{100}$ in gold instead of over \$1.04.

² What is said about the export of the trade dollar to China applies to the issue of the silver dollars previously coined, except that the earlier dollars did not bear "the guarantee of a great Government as to their weight and fineness," which, expressed in Troy grains and Arabic numerals on the trade dollar, is unintelligible to the Chinese. From 1853 to 1873 our silver dollars, being above par in gold, were coined, on private account, for export, at the same coinage charge of $\frac{1}{2}$ cent as the trade dollar for the first two years (1873-5). The export and import of coins is of as common occurrence as the export and import of goods.

in the early part of 1876, this depreciation reached such a point that one dollar in gold would purchase more than the necessary amount of silver for a trade dollar and pay for its coinage.

Under such conditions, dealers in bullion found a profit in putting trade dollars into circulation at par in the Pacific States, where the currency was upon a gold basis; but the coin being a legal tender for only five (5) dollars, its circulation was necessarily limited in amount as well as restricted in locality.

The people of the Pacific States, however, objected to its use at all for circulation, and the attention of Congress having been called to the matter, on the 8th of May, 1876, Hon. Samuel J. Randall, of Pennsylvania, introduced into the House a bill, the third section of which repealed the legal-tender quality of these coins.

On the 10th of June following, Hon. S. S. Cox, of New York, reported the measure to the House, urging its adoption.¹

No objection was raised, and it became a law July 22, 1876,² without modification or an opposing

¹ The Treasury takes occasion to associate two prominent Democrats with the bill. When Mr. Cox called it "the bill known as the Randall bill," Mr. Randall expostulated: "Do not call it that." It was a fine child, no doubt, but not his. This bill, it is true, passed the House June 10, 1876, but it did not pass the Senate. Nevertheless the letter says it became a law.

² What became a law was a joint resolution, introduced into the House May 1, by Mr. Frost, of Massachusetts, and with some modification passed there June 10, just before the "Randall bill." This resolution, as it first passed the House, contained not a syllable about trade dollars. It was in the Senate June 21, that it was

voice or vote in either House,¹ and is as follows:

amended, on motion of Senator Sherman, by inserting the same section about them as in the "Randall bill." After a disagreement between the two Houses and a conference, the amended resolution—and not the "Randall bill," was finally passed and approved.

¹ The opposition to the repeal of the trade dollar's legal tender quality was so decided in the Senate that when Senator Sherman moved, April 10, 1876, to amend to that effect a bill under consideration, he withdrew the amendment. And when, June 21, he moved the amendment that was enacted, the opposition was such as should prevent the passage of any measure that provoked it.

"What is the objection to the trade dollar being made a legal tender?" asked Senator Howe.

"The Senator from California can explain it better than I can," replied Senator Sherman. "It is a matter of local interest there."

Senator Sargent, of California, coming to the incomprehensible in his explanation, interjected: "I cannot say that I entirely comprehend it." And that is what everybody will say who reads the extraordinary remarks of Senators who surrendered their private opinions and lent their votes to those who were no wiser than themselves.

The repudiation of the trade dollar turned out to be of more than "local interest;" no part of the country has escaped injury. To protect New York merchants, Mr. S. S. Cox introduced into the House, December 16, 1881, a bill to make the trade dollar a legal tender, the same as the standard silver dollar. What he proposed in the last Congress was consistent with his views expressed while discussing the "Randall Bill." On the 10th of June, 1876, he said:

"Instead of issuing a dollar of 412.8 grains, it would no doubt be far better to coin the trade dollar exclusively on Government account and give it precisely the same character and uses which the pending bill provides for the proposed new dollar (that is, to be a legal tender in sums not exceeding \$20, and receivable without limit in payment of dues to the Treasury except duties on imports). This would make the trade dollar an active and useful domestic coin."

Instead of 412.8 grains, 412½ was the weight of the new dollar authorized to be coined in 1878. Like Senator Howe, Representative Cox voted for repudiation in 1876, against his best judgment.

"That the trade dollar shall not hereafter be a legal tender; and the Secretary of the Treasury is hereby authorized to limit, from time to time, the coinage thereof to such an amount as he may deem sufficient to meet the export demand for the same."

Up to that time (excepting a few days), and for several months thereafter, the trade dollar cost more than a paper currency dollar, and consequently none of the coins got into circulation in other than the Pacific States.¹

Owing to the appreciation of the paper currency, however, in the fall of 1877, the trade dollar became of less value than the paper dollar, and in December of that year a large number of them were put into circulation at their face value, at a profit to the owners of the bullion.²

Apprehensive of such misuse of the coins, on the

His bill for the equality of the trade dollar with the standard silver dollar was not passed.

The House passed, June 19, 1882, another bill for the retirement of trade dollars and their recoinage into the lighter dollars; but the Senate defeated the measure. In the summer of 1883, the merchants protected their own interests by refusing trade dollars, some shrewdly unloading their accumulations upon unwary farmers and others.

¹ This is an admission that California was not relieved by the joint resolution of 1876, but still further embarrassed; and a confession that the Treasury ought to have discontinued the coinage of trade dollars in the fall of 1876.

² This must refer to "other than the Pacific States. All through the letter the Treasury pretends to be blameless and immaculate. Here it admits, however, that a large number of trade dollars were put into circulation in December, 1877. Why, then, was not the coinage and issue of trade dollars discontinued in December, 1877? Why were they coined until May, 1878?

15th of October¹ in that year, I ordered the discontinuance of their coinage at the mint at Philadelphia, and *four days later¹* at the other mints.² Mean-

¹ Underscored with a pencil in the copy sent to me.

² Extract from my letter to President Arthur, October 30th, 1883 (p. 38). "According to the Mint Report of 1879 (pp. 130-1), 5,500,000 trade dollars were coined after October 15th, 1877; and their coinage did not cease until May, 1878. This does not expose the whole of the misstatement. The Finance Report of 1877 (p. xx) says, in October 'the Secretary directed that no further issues of trade dollars should be made until necessary again to meet an export demand.' In fact, Mr. Sherman ordered neither the discontinuance of their coinage, nor the discontinuance of their issue in October. His order was very different. The Secretary merely 'directed that the receipt of deposits of silver for coinage into trade dollars should be discontinued' (Mint Report, 1878, p. 11). On the 15th of October, when he forbade the further receipt of silver for this purpose at the Philadelphia mint and New York assay-office, 590,795 trade dollars were due depositors for silver previously deposited there, and the Secretary should have done what he said he did do; that is, discontinued the coinage and issue, and consequently returned the silver uncoined; instead of that the trade dollars were coined and issued, not 'to meet an export demand,' but to enter into home circulation, the coinage continuing at Philadelphia until December, 1877. At the San Francisco mint the receipt of silver for coinage into trade dollars was suspended October 19th, while the coinage and issue went on; but in seventeen days (Nov. 5) the order was modified and the receipt of silver renewed, and for three and a half months more all the silver anybody chose to deposit was received for coinage into trade dollars; that is, from November 6th, 1877, until February 22d, 1878, when the receipts of silver were finally discontinued. At this latter date, 1,695,819 trade dollars were due depositors, and again neither the coinage nor issue was discontinued. 'The superintendent,' says the Director of the Mint, 'was instructed to settle for these deposits in trade dollars, upon satisfactory evidence being given that the same would be exported, or if the depositor preferred, he could receive his silver back in fine mint bars. The bullion was accordingly coined and settlement

while the Department, in reply to numerous inquiries, had uniformly stated that the trade dollars possessed only a commercial value depending upon the price of silver bullion.¹

It will be seen that the coins were put into circulation months after the passage of the act taking from them their legal-tender character, and mainly after the coinage had ceased.²

made with the depositors,' who, without exception, I believe, preferred and received the coin, which was worth for circulation at home much more than the same quantity of silver in bars; the last coinage being executed 'at San Francisco early in the ensuing April, since which time none have been coined' (Mint Report, 1878, p. 11). In 1879 the Director of the mint reports 200 trade dollars as coined in May, 1878." In 1880 he also reports 872 coined and "sold singly" as specimen pieces (see p. 124).

¹ A table in the Mint Report for 1879 gives both the bullion value and commercial value of the trade dollar from July, 1873, to October, 1879. In no month was the bullion value as high as the commercial value. Evidently the latter did not depend upon the former, but upon the circulation of the piece and hope of its redemption at par.

² The writer of the Sherman letter has already admitted that trade dollars were put into circulation in the Pacific States before its passage, July 22, 1876, and continued to be afterward. It was their circulation in Ohio and the East that first occurred months after. But not "mainly after their coinage had ceased," for it ceased in May, 1878, and not in October, 1877, as he would have the reader believe. "Mainly" refers to the "large number of them put into circulation" in December, 1877. Take the yarn as he spins it. It convicts his chief of coining trade dollars while they were in excess of the export demand and being put into home circulation in large numbers. The Secretary was authorized by law to coin only "such an amount as he may deem sufficient to meet the export demand." After December, 1877, that is, from January to May, 1878, 4,259,900 were coined.

But in their use as money, the Department has never had any interest or derived any profit.¹ For the expense of their coinage the owner of the bullion reimbursed the Government, and this ended the connection of the Government with the transaction.² *At no time and on no account have they ever been received,*³ or paid out, by the Treasury,⁴ and it is a cause of regret that so many of our people should have accepted them at their face value, thus enabling their owners to put them into circulation at a considerable profit.⁵

Under date of July 25, 1878, the Director of the

¹ Of course the Government did not make a profit on them as it does by buying monthly \$2,000,000 worth of silver, out of which to coin monthly about 2,300,000 standard dollars. Its profit on trade dollars came from valuing in them for several years, merchandise imported from certain foreign countries (see p. 59) and thereby collecting larger duties, the increase amounting to several hundred thousand dollars—possibly a million or more. Is this too small an item of profit to attract the attention of a Treasury clerk?

² When the depositor of gold bullion, from 1853 to 1875, paid the expense of coinage, where did the Government's connection end? Read the law about the redemption of light gold coin, worn by natural abrasion. The law knows no end to the connection of the Government with its coin, except in the melting-pot (see p. 73).

³ Underscored with a pencil in the copy sent to me.

⁴ This was not a fact as to Treasury offices on the Pacific coast for months before July 22, 1876, when trade dollars were legal tender to the extent of \$5, and were undoubtedly received and paid out at those offices.

⁵ Is ignorance or effrontery displayed here? Did not Secretary Sherman himself enable speculators to impose upon the public? Could they have imposed upon us to the same extent, if he had not permitted the last 15,000,000 trade dollars to be coined? His clerk casts all the blame upon "our people."

Mint, published tables from which the value of these coins can be ascertained and the terms on which they are received at the mints. He does not advise any one to dispose of them at such rates.¹ The law under which the department buys bullion with which to coin the standard silver dollar, requires the same to be bought at the market price, and it can purchase trade-dollars only as bullion. Possibly, in time, these coins will find a ready market in China at nearly or quite their face value, for circulation as coin.²

In this connection, permit me to correct any misapprehension as to the purpose and effect of the Director's circular. As early as August 24, 1876, the Department informed an inquirer that the trade dollar had only a bullion value,³ and this information has been repeated scores of times, and published by the press throughout the country. To avoid the labor of preparing manuscript letters, the Director embodied the information in a circular, adding thereto tables for the computation of such value. There was no new decision involved in the circular, though possibly its publication may have hastened the depreciation of the coins to their true value—an

¹ The Treasury seems to whisper this confidentially. Not dispose of them at such rates? Indeed! What shall the holder do with them? hold them five or six years?

² Was this Mr. Sherman's suggestion, or that of his hopeful clerk who prepared the letter for him to sign.

³ It is true, it had only a bullion value at the mint, but in the market it had a commercial value so much higher that few trade dollars were ever returned to the mint.

event which was inevitable, and could not have been much longer delayed.¹

Very respectfully,

JOHN SHERMAN,

Secretary.

¹ The event was not inevitable; it did not arrive in 1878; it was delayed until July, 1883, and then it could and should have been avoided by proper action of the Treasury. What prevents the depreciation of cents, nickels, and silver change "to their true value," by which he means the value of the metal in them? It is their use in payments and their redemption on demand by the Treasury.

445 Sixth Street,
BROOKLYN, N. Y., 30 October, 1883.

To the President,
CHESTER A. ARTHUR,
Washington, D. C.

The Treasury deceives the people with a story that its records disprove. I allude to the epistle, employed by the Treasury as its apology for repudiating trade dollars—the Department letter, dated September 3, 1878, and signed “John Sherman, Secretary,” of which a printed copy was sent to me, enclosed in a letter signed by Secretary Folger, in reply to my communication to you, of July 11, 1883, concerning trade dollars.

In the Sherman letter you will find this misstatement, for example:¹ I have now shown several errors in a single sentence of the Sherman letter: an error of \$5,500,000, another of over half a year, a third as to the discontinuance of the coinage, the latter associated with two other errors, (1) as to the receipt of silver, and (2) as to the final issue of trade dollars. Though the Sherman letter is inaccurate in almost every part, the Treasury has distributed several thousand copies during the past five years.

An error of \$5,500,000, repeated for years, destroys

¹ For what is omitted here see p. 33 where it appears in a more appropriate place as a note to the Sherman letter.

faith in Treasury statements. Perhaps it was because bookkeepers did not report their errors that a wise provision was made in the ancient Bank of Genoa. There "the books of every year, as soon as "closed, passed into another office, out of the hands "that kept them." If the books of the United States Treasury were placed in other hands, would any errors be brought to light? In vain the Administration will assure us that there are no errors in its books. Has not the Treasury failed for five years to find an error of \$5,500,000? And who will believe that a Republican Administration is capable of detecting errors, if it continues to send to its friends such a letter as Secretary Sherman's? As I voted for the men who gave to Mr. Garfield and yourself the electoral vote of New York, I was curious to know what was meant by sending me the Sherman letter, and therefore visited the Treasury at Washington on the 2d instant, (October, 1883), to confirm the discovery that that letter was full of errors.

Republicans have had so much to do with the trade dollar that the abused coin may be called a Republican piece. Its coinage was authorized by a Republican Congress, approved by a Republican President, and executed legally and illegally by Republican Secretaries of the Treasury. Under Republican management the Treasury has refused and traduced it. Justice to the trade dollar as a United States coin is part of the unfinished business of the Republican party. In the last Congress a Republican House voted for the retirement of trade dollars at par by the Treasury. Is there not life enough

left in the Republican party to rise to the level of this emergency? Butter overworked loses its firm consistency and, as the market-man says, cannot "stand up." Has the Republican party been worked over so much that it can no longer "stand up?" Though the Treasury was too blind to see an error of \$5,500,000, may not the President speak the right word that it shall not refuse United States coin?

Take the most sordid view of the matter. If the Treasury received all of the (nearly) 36,000,000 trade dollars at 100 cents each and sold the silver at 87 cents, the loss would not be \$5,000,000. However the Government that constantly buys silver for coinage into a dollar of $412\frac{1}{2}$ grs. cannot properly talk of a loss from receiving its own dollar of 420 grs., which contains sufficient silver ($412\frac{1}{2}$ grs.) to reproduce the lighter dollar and ($7\frac{1}{2}$ grs.) to pay for the expense of coinage. Many trade dollars have gone into the melting pot and cannot be presented for redemption. If, as the Director of the Mint estimates there are but 5,000,000 trade dollars in the country, and most of those exported have been melted, the Treasury could hardly be called upon to redeem 10,000,000 at an apparent loss of \$1,300,000. Suppose 20,000,000 were redeemed, the apparent loss would be but \$2,600,000. But by recoinage into standard silver dollars there would be no real loss, unless an ultimate loss will result from the present monthly coinage of the lighter dollars, on which the Treasury reports a profit of many millions. While it will cost the Government nothing to honor its own coin—the trade dollar, the denial by the Execu-

tive of our right to pay the Treasury in its own coin, may in time cost a great deal to a nation that coins needless silver dollars without discretion, and whose representatives too often imagine that it may do what it pleases rather than what is right with its coinage and currency.

The last instruction that Congress gave to the Secretary of the Treasury in reference to trade dollars, was in 1876, to restrict their coinage to the export demand. How the Treasury disobeyed that injunction is a matter of record. If it hesitates to act when (as I have explained to the Treasury) it has full power to receive the trade dollar, which is a United States coin, it cannot with much confidence ask Congress for further instructions, or in its weakness and want of individuality expect more than condolence from well-wishers who once hoped for better things. While the Treasury persists in its wrong course, the only persons to address Congress upon this subject, should be those who, unable to comprehend why a Government should ever refuse its own coin, received from the Treasury in reply to their inquiries that Sherman letter.

My letter of the 13th instant (October, 1883), to Secretary Folger, sufficiently explains the power of the Treasury (or Executive Department) over the receipt of United States coin. The people have rights which every party must respect and no Congress can abridge.

It seldom occurs in any Administration that the President has the opportunity to identify himself with some simple, honest sentiment of the people

and the times: such a universal sentiment as that the Treasury ought to receive its own coin. The trade dollar has been misrepresented as a piece to be excepted from the operation of this rule; but ignorance, doubt and misrepresentation pass away, the healthy thought remains; and the President or Secretary who gives expression to this thought, compelling the Treasury to do right, will stand before the world as the man of good judgment.

Very respectfully,

JAMES C. HALLOCK, JR.

EXECUTIVE MANSION, WASHINGTON,
October 31, 1883.

MY DEAR SIR—The President directs me to acknowledge the receipt of your communication of the 30th instant, and to say that your suggestions will have due consideration.

Very truly yours,

O. L. PRUDEN,

Secretary.

JAMES C. HALLOCK, JR., M. D.,
Brooklyn,
N. Y.

445 Sixth street, BROOKLYN, N. Y.,
November 21, 1883.

To the President,

CHESTER A. ARTHUR,

Washington, D. C.:

I have the honor to enclose an account of the errors¹ in the Treasury Department letter of September 3, 1878, and to acknowledge the receipt of your note of 31st ult., saying that my suggestions would have due consideration.

Financial progress would be advanced fifty years, if the Administration proclaimed that the Treasury should henceforth refuse no United States coin. It rests with you, Mr. President, or the Secretary of the Treasury, to act, without reference to Congress, as I have demonstrated in my letters to the *Evening Post*, July 6, and to Secretary Folger, October 13, 1883.

The argument is simple. No coin but the trade dollar is refused. The trade dollar is, what the law says it is, a coin of the United States; the people have the right to pay the Treasury in its own coin; therefore, we have the right to pay it in trade dollars.

Unless you order the Treasury at once to receive trade dollars, Washington's statue will be unveiled in New York, Evacuation Day, on the steps of a

¹ These errors are pointed out in the notes to the Sherman letter (see pp. 27-37).

Treasury that refuses its own coin.¹ Every inconvenience is avoided by giving silver certificates for trade dollars the same as for standard silver dollars.

Very respectfully,

JAMES C. HALLOCK, JR.

¹ High Heaven wept as President Arthur and Secretary Folger, standing under umbrellas, disparaged the whole popular government which Washington helped to establish, and brought reproach on the city of Hamilton—his first financial adviser—by uncovering the noble form of the great patriot in front of a Treasury that closed its doors on its own issue. With what enthusiasm the myriads there assembled would have hailed the announcement: The Treasury will hereafter refuse no United States coin. The next time a multitude crowded Wall street was the other day during the panic. With what pride the panic-stricken and the spectators would have viewed that statue if it stood there as the symbol of the Treasury's upright purpose to make good its issues. Let every passer-by, citizen or foreigner, every visitor to the metropolis, who, from Trinity Church or the Custom House, from Wall or Broad street, or on turning the corner of Nassau, sees the statue,—let every one of the thousands who pass say to himself, Behind his back they refuse United States coin. And let every honest man of good sense (there is many a one in this land) repeat it to those about him until it is understood in every neighborhood or circle. What is thought of a man in Wall street or any where who refuses what he issues? Of a baker or brewer who refused his tokens? Of a bank that will not take its notes? The United States Treasury is the only member of the Clearing House that dishonors what it has put its name to.

BROOKLYN, N. Y., October 13, 1883.

HON. CHAS. J. FOLGER,
Secretary of the Treasury,
Washington, D. C.:

SIR: Without plan or reflection, offending against common honesty, the Treasury has refused United States coin; and I hope, by presenting plain and abundant reasons, to convince you that any further refusal—if but for a single day—will be inexcusable. I shall appeal directly and distinctly to you to recognize the right of the American people to pay the Treasury in its own coin. Possibly no other Secretary of the Treasury was ever called upon to make such a recognition. At all events you will be the first of our public servants, acting with knowledge, to affirm, deny or ignore that inalienable right.

The Treasury's refusal of the trade dollar is repudiation. Its publishing an inaccurate account of that piece is deception (however unintentional). Another act of repudiation is imminent. Will not the false statement that the Treasury obtruded upon me be repudiated publicly as well as privately by you and the other gentlemen of the Treasury whom I had the honor to meet last week at their offices in Washington? When the holders of trade dollars, which they received as current money, found themselves cheated by having put trust in United States coin, I wrote a letter, published in the *Evening*

Post of July 6, 1883, explaining the duty of the Executive in the premises. A printed copy of this letter I sent, with a short note, on the 11th of July, to the President, who referred my communication to you. On the 20th of July I received a polite letter from you, enclosing for my "information on this subject" a printed copy of the Treasury Department's letter, dated September 3, 1878, and signed "John Sherman, Secretary". Both your letter and his were widely published by the newspapers, deceiving many. Having completed my answer to your letter I went to Washington last week to learn how much of the Sherman letter the Treasury proposed to endorse, and was referred by you, for information, to the Director of the Mint. who as well as other Treasury officers, like sensible men disowning all the errors that I could point out, afforded me every opportunity to discover the truth. On the 4th instant I returned to you who assured me that of course you did not intend to make use of an inaccurate statement. Consequently, as the Sherman letter is nothing less from beginning to end, I shall not refer to it again at this time, but regard the Treasury as without any trustworthy account of the trade dollar, and present with greater confidence the following observations on the

REPUDIATION OF THE TRADE DOLLAR.

In the United States Senate, June 21, 1876, the late Postmaster-General Howe—then Senator—remarked: "We have a bill before us which proposes to make a dollar of $412\frac{1}{2}$ grains a legal tender. Here

is a resolution which we are to pass at the same session, which is to say that a dollar of 420 grains is not a legal tender. It is said there is some occult law of trade which justifies the two measures." Mr. Sherman said: "If the Senator objects to it and has any doubt about it, I will withdraw the amendment, as time is important." Mr. Howe continued: "I am not going to make any objection. I take the statement of the Senator from California (Mr. Sargent) to be true, that there is some law of trade by which this anomaly can be explained, but I declare that if I was to be held responsible for this measure, I think I should not consent to it until I knew what that law of trade was." Then Senators Booth and Sherman explained that the coinage of subsidiary silver was limited, that of trade dollars unlimited. Senator Howe only replied: "I hardly think the explanation is satisfactory, but I shall not object." And this measure hurriedly passed was carried out by the Treasury in a manner not intended. Authorized to limit the coinage of trade dollars to the export demand, the Secretary did not do so. About 15,000,000 had been coined, over 20,000,-000 more were to be, nearly all of the latter when it was impossible to issue them for export without many getting into home circulation. To this fact the Treasury for a long while paid no regard. Finally, as the Secretary admitted (Finance Report for 1877, p. xx), "there was no further export demand"; or more properly speaking, as the Mint Report for 1877 (p. 13) says, the fact that "the trade dollar has of late entered to some extent into do-

"mestic circulation", on becoming known was regarded as indicating that its coinage was in excess of the export demand. Did the coinage then cease? Not till 5,500,000 had been added. The worst is to be told. Even after Congress authorized (February 28, 1878) the compulsory coinage of lighter silver dollars, millions monthly, now continued for the sixth year, providing for an uninterrupted current of silver into, and silver dollars out of, the mints, and for the maintenance of national cesspools to contain the pieces returned to or retained in the Treasury; ¹even with all this flood of dollars in prospect, the Secretary had more trade dollars coined—1,343,400 in March, April and May, 1878. If instead of repudiating trade dollars the Treasury had stopped coining them, if instead of favoring the

¹ "The Secretary of the Treasury is authorized and directed to purchase, from time to time, silver bullion, at the market price thereof, not less than two million dollars' worth per month, nor more than four million dollars' worth per month, and cause the same to be coined monthly, as fast as so purchased, in such dollars" (Act of February 28, 1878). For over six years the United States mint has been coining monthly some 2,300,000 silver dollars—170,000,000 in all. Not one quarter of them circulate, or, more properly speaking, are outside of the Treasury; the rest are in its vaults and tills, a part owned by the United States and the remainder by the holders of silver certificates. No Secretary of the Treasury can suspend this coinage for one month or diminish the monthly purchase of silver below the limit of \$2,000,000 worth.

The exact figures on the 30th of April, 1884, were as follows: Total coinage, \$170,725,629, of which \$40,411,564 were out, and \$130,314,065 were in, the Treasury; of the latter \$95,497,981 to secure certificates outstanding, and \$34,816,084 owned by the United States.

owners of silver the Secretary had refused to coin the last 15,000,000, our troubles would be less, and the Treasury might with better grace blame Congress and the people. Bad laws were made worse by mismanagement. But even at this late day, if the Treasury did right in the matter, without breaking any law, the happiest results would follow. After a long and careful inquiry into the facts, I maintain that the Treasury has authority to receive trade dollars the same as standard silver dollars, and that the President should so order, if the Secretary will not. This assertion rests upon the four-fold support of law: first, upon good usage; secondly, upon the United States Constitution; thirdly, upon the wording of the acts of Congress; and lastly, upon the evident intention of the lawmakers.

I. GOOD USAGE.

Last June, at a summer resort in the Catskill Mountains, a lady received a trade dollar in change from the keeper of the bowling alley, and a few days after offered it to the same man who, having learned of its universal rejection, refused to take it for more than 85 cents. Submitting to the loss, she told the story to her friends, who spread it throughout the hotel until every guest, every waiter, nurse and chambermaid, every hostler and bootblack, knew of the rebellion against United States coin, and that the wife of an American citizen had lost 15 cents by the mismanagement of American coinage.

All were conscious of a violation of good usage. This is but one of ten thousand cases.¹

¹ It is wonderful how the trade dollar is misunderstood by persons presumably in the best position to know about it. When New York merchants were complaining that they lost by the circulation of trade dollars, the *New York Tribune*, which advertises itself as "the leading daily of the Metropolis," informed its readers (March 9, 1883) that "nobody loses anything by handling the trade dollars; if he take them for more than they are worth, he also passes them for more than they are worth." The members of the New York Mercantile Exchange, in their memorial to Congress, February 3, 1883, told a different story. They said:

"We are put to great inconvenience and pecuniary loss by reason of a coin known as the trade dollar, which is not a legal tender in payment of debts, and which, notwithstanding, is so largely received and recognized as a dollar by the community that we cannot without loss of trade individually refuse to accept it in payment, and which, being not taken on deposit by the banks, and not accepted in payment of dues to the Government, we are compelled to sell at a discount.

"Some persons employing operatives make a practice of buying at a discount these coins and paying them at par value to their operatives, who again pay them to the retailers of goods, and these, again, pay them to us, and we, not being able to deposit them or pay them in large amounts to our creditors, are compelled to sell them to brokers at a discount for legal money. It results that there is a continual loss falling upon us, and a corresponding profit reaped by such unscrupulous persons.

"The United States Government coined and put into circulation said trade dollars, made them a limited legal tender, and subsequently repudiated them by taking away their legal-tender function and refusing to receive them for its own dues.

"The present status of this coin causes it to be a nuisance to us and a disgrace to the nation. It seems to us absurd that a coin containing 420 grains of coin silver should be refused the legal-tender function as a dollar, and be forced thereby to a discount, while a coin containing $7\frac{1}{2}$ grains less of coin silver should be given that function, and thereby kept at par.

According to good usage a government must keep its coins from falling below par, and the United States now actually keep at par all our coins—bronze, nickel and silver—except the trade dollar, which is below par simply because the Treasury refuses to take it at par.

"We respectfully urge upon Congress that it restore to the trade dollar its legal tender function, and that it receive it and issue silver certificates for it as it now receives and issues such certificates for the standard silver dollar."

Not only Americans but Frenchmen also have lost by the trade dollar which a few years ago was carried in large quantities to France and there passed as a five-franc piece upon the unsuspecting who ere long found themselves unable to pass it off again for more than 90 *sous* instead of 100, for which they had taken it.

In this country trade dollars were refused by all banks, except a few who received them as a special deposit to accommodate customers. In many places throughout the land there has been for years the familiar notice: "No trade dollars, foreign or mutilated coin received here." Early in the spring of 1883, at all the stations of the elevated railways in New York City, placards were posted warning the public: "Trade dollars not received here." This proclamation in a new quarter of open rebellion against an American coinage was a sign of the times. The revolt now fairly begun soon spread. The wholesale merchants knew they were the greatest sufferers. Congress refused to help them. They now proposed to help themselves. The operative lost nothing by receiving the trade dollar for 100 cents of his wages, because he paid it for 100 cents to the retailer. The retailer lost nothing, because he paid it to the wholesale merchant for 100 cents. Manufacturers could afford to receive as many trade dollars as they could pay out for wages; but commission merchants, jobbers and importers had no means of disposing of their trade dollars other than to sell them at a discount, or pay them to the comparatively few firms or corporations who had long pay-rolls. Trade dollars sold at a discount to brokers, were at once put into circulation again, and when they reached the wholesale merchant again, he had to submit to another discount, and thus they moved

On general principles the Treasury has no right to refuse its own coin. And it has always been in the power of the Secretary of the Treasury to receive it. For many years the law was so plain that no Secretary could refuse any gold or silver coins of the United States. But for the past thirty years, because the law did not command the Secretary not to do what no Secretary should think of doing, the Treasury has persistently barricaded its doors against the return of its own coin except in dribbles—a few cents or a few dollars at a time; and Congress, upon the urgent demand of the people, has been obliged, by one act after another, to demolish these obstructions. In this contest the Treasury has represented arbitrary power, Congress the good sense of the people.

The subjugation of the Treasury is nearly com-

about to his "great inconvenience and pecuniary loss." In June, 1883, many an ash barrel in New York was adorned with the following anonymous poster: "Do not be deceived!! Demand good money for your labor and goods. Trade dollars will not be received after July 1, 1883. The Government will not receive them for dues, but will only buy them at the price of silver. Now about 85 cents." This was the signal of relief for the wholesale merchants. The trade dollar returned to them no more. There was an immediate depreciation in its commercial value to about 85 cents, the loss falling upon those who happened to hold them at the time. Nearly all these holders were perfectly innocent of any intention to cheat, and without expectation of being clicated. Thousands immediately sold what they had at a discount, and lost accordingly. Others realized on their unfortunate holdings later and fared no better. Those who keep the pieces will lose at least the use of the money until its redemption is authorized or assured, and they circulate at par again.

plete. Once coppers and the nickel cents were refused by their maker if offered in any quantity, and the ferry and street-car companies of New York had to sell their accumulations at a discount; for years our halves and quarters, dimes and half-dimes, were refused, when presented at public offices in larger sums than \$5, and merchants upon whose hands they accumulated had to sell them at a discount; to-day the Treasury refuses only one coin—the trade dollar.¹ Unmindful of rebuke, the Treasury persists in holding a position from which it will ere long be driven.

Innocent People Suffer.

The cobbler who mended my shoes in July (1883) had twenty trade dollars; and I asked him what he was going to do with them. He said, if he could get 90 cents apiece, he would let them go. Now, why did the Treasury compel this man, a citizen of the United States, to lose on account of holding its coin as much as he earns in a day? Was it his fault that he reposed confidence in United States coins? Or his fault that the Treasury issued them? Non-

¹ The Treasury may refuse, by the present law, any sum in its copper, bronze and copper-nickel coins from 26 cents to \$19.99, that is, above 25 cents and below \$20; but it must exchange them for other denominations or notes, when presented in sums of \$20 or over at the office of the Treasurer or any Assistant Treasurer, or at any depository of the United States. And it may also refuse subsidiary silver coins (under \$1) in any amount from \$10.10 to \$19.90, that is, above \$10 and below \$20, though it must exchange them for other lawful money of the United States, when presented in sums of \$20 or any multiple thereof, at the office of the Treasurer or any Assistant Treasurer.

sense. It was the Treasury's fault that he lost a cent. It coined and issued over 20,000,000 trade dollars when it meant to reject them. Of its own accord it stopped coining them in 1878, because it was known that though there was some demand for them for export, many entered into circulation at home. For the same reason it might and should have discontinued their coinage in 1876. It did wrong, and it is an old rule that no one shall take advantage of his own wrong. Shall the Treasury consult only its own convenience? May not the innocent even hope for relief? Is it public policy for our Treasury to make people distrust United States coin? No. Let it disarm suspicion, maintain respect, and win confidence. I advised the shoemaker to hold on to his dollars until the Treasury received them or Congress passed a law for their redemption. He wanted to know how long he would have to wait. Only a year or two, I thought. He smiled bitterly. It was summer-time; most of his customers were in the country; there was rent to pay, and he sold the United States dollars at 87 cents apiece. He has lost \$2.60, and he knows as well as the lady in the Catskills who lost 15 cents, that the Treasury caused the loss. He has lived in foreign countries, and is aware of their customs. He knows that he has a natural right to pay the Treasury in its own coin, which right the people never surrendered nor could have surrendered. He knows nothing about the letter of the law. Common sense is his guide. And the usages of other civilized lands strengthen his belief. He loses \$2.60 by trade dollars, and looks

with suspicion upon those other silver dollars, which he knows are lighter, that the Treasury is coining by the million every month.

In Great Britain the Bank of England, not by any act of Parliament but by custom, manages the redemption and supply of silver coin, ascertaining the wants of the country and enabling the mint to arrange accordingly (Jevons: *Money and the Mechanism of Exchange*, pp. 118-120).

The receipt of trade dollars by the Treasury that issued them is a matter of good usage, *a detail of Executive business*; and the usage of nations in this regard may be traced back many centuries. The right of the people to pay the Treasury in its own coin has seldom been denied.

Ancient Usage.

In the year 1293, Philip IV., nicknamed the Counterfeiter, secretly debased French coin, issuing and then refusing it; but he contritely proclaimed, by his ordinance of May, 1295, that

“The necessities of our kingdom compel us to
“coin money which will, perhaps, want something
“of the weight and fineness that our predecessors
“were in the habit of giving to their coins; but we
“promise for myself and wife to make good out of
“my own and her estates whatever loss anyone
“may suffer by this debasement. And though
“heretofore we may, perhaps, have thought it best
“to refuse this base coin, or to take it back at a
“lower figure, henceforth we shall receive every
“penny of it at its face value.” (*Ordonnances des Rois de France*, Tome I., p. 325; Tome XV., p. xlii.)

Upon this as upon many other occasions, Philip

the Counterfeiter made false promises, lied to his people. At length he drove them to rebellion and they drove him into the Temple at Paris, whence he sent forth his archers to shoot some and hang others. But no tyrant could long violate good usage in the receipt of his own coin. New excuses only put off the day of reckoning. Sooner or later the people brought the despot to terms. For ten centuries, it was well understood what was good usage, what was bad; where the people stood, where the king.

Present Usage in Europe.

For the past century the popular side has so gained the ascendancy that the nations of the Latin Union—France, Belgium, Italy, Switzerland and Greece; those of the Scandinavian Union—Denmark, Sweden and Norway; the empires of Russia, Germany and Austria-Hungary; the kingdoms of Spain, Portugal and The Netherlands receive each its own coin, and every nation of the Latin or Scandinavian Unions receives likewise any coins of the other nations in its Union. In the same month that the coinage of trade dollars began, the German Empire endeavored to provide in its laws (July 9, 1873) for the best usage thus: “No person shall be compelled to take in payment national silver coins in a larger amount than 20 marks (\$4.76), and nickel and copper coins to a larger amount than 1 mark ($23\frac{8}{10}$ cents). The federal council will designate such depositories as will, upon demand, give national gold coins in exchange for silver coins in amounts of at least 200 marks (\$47.60), and of nickel and copper coins in amounts of at least 50 marks (\$11.-

" 90). The same authority will also establish particular rules of exchange." According to modern Greek law (April 22, 1867), "individuals are required to receive at a single payment no more than 50 drachmas (\$9.65) in silver coins, and no more than 5 drachmas ($96\frac{1}{2}$ cents) in coins of bronze or of copper, whatever the sum paid, but the public treasury will receive these coins for any amount." The Greek drachm equals the French franc, and a similar law is in force throughout the Latin Union, of which each nation agreed in 1866 "to redeem from individuals, or from the public depositories of the other States, fractional coins, which it has issued, and to exchange them at an equal rate for current money, upon the condition that the amount presented shall not be less than 100 francs (\$19.30)." In Russia silver and copper tokens are legal tender between individuals up to 3 roubles (\$1.97) and receivable in government offices for any sum.¹ It is idle to dispute the fact that

¹ The various limits, fixed by Congress, to the legal tender of United States coins need only be named to show that they referred to payments between or to individuals.

Cents were made a legal tender in any payment to the amount of 10 cents in 1864, of 4 cents in 1865, and of 25 cents in 1873;

two-cent pieces, to the amount of 20 cents in 1864, and of 4 cents in 1865;

three-cent nickels to the amount of 60 cents in 1865, and of 25 cents in 1873;

five-cent nickels to the amount of \$1 in 1866, and of 25 cents in 1873;

three-cent silver pieces to the amount of 30 cents in 1851;

half-dimes to any amount in 1792 and 1837, and not exceeding \$5 in 1853;

good usage to-day as for ages past demands that the Treasury shall receive its own coins to any amount for (at least) their face value in some, it not all, its offices, and modern usage further requires it, upon demand, to exchange one kind for another.

dimes, quarters and halves to any amount in 1792 and 1837, not exceeding \$5 in 1853 and 1873, and not exceeding \$10 in 1879; and twenty-cent pieces in 1875 to the amount of \$5.

The coinage of two-cent pieces, three-cent silver pieces, and half-dimes was discontinued in 1873, that of twenty-cent pieces in 1878. At present the minor coins are a legal tender "not exceeding 25 cents in any one payment" (Act of February 12, 1873); and the subsidiary silver coins (under \$1) "not exceeding \$10 in full payment of all dues, public and private" (Act of June 9, 1879).

In ordinary payments to the Treasury it would be, at some offices, very vexatious, interfering with the dispatch of business, if any one might present excessive amounts of small change, which would have to be scrutinized and counted while other persons were left waiting their turn. Hence, for convenience in public business, the Treasury is regarded, by courtesy, as an individual, and permitted to refuse its own coin to a very limited extent. This implies no denial of the citizen's right to pay it in its own coin. The almost universal rule of civilized nations is to name the limit for individuals as the greatest amount legal tender in one payment, and the only limit for the Treasury as the least amount it is obliged to redeem. In payments to the Treasury the best usage permits no refusal. Our Treasury is now obliged to redeem, on demand, all its tokens under \$1 in any amount, however large, that can be divided by \$20 without a remainder.

Strictly considered, those petty limits of 4, 10, 20, 25, 30 or 60 cents, of \$1, \$5, or \$10, established by Congress at various times, refer to private, not public, business. If in the press of affairs, the Treasury refuses more than 25 cents in coppers or nickels, or \$10 in fractional silver, it is its duty not only to inform the holder of an accumulation where he can be relieved, but also to provide such relief at a convenient place and time. The redemption, that is, the exchange of one kind of currency for another, at some distant office

Import Duties "at the trade-dollar rate".

That the United States Treasury regarded the trade dollar in 1875, 1876, 1877 and 1878 as the silver dollar of the United States is shown by its mode of estimating the values of foreign coins at the Custom House during those four years. The Mint Report for 1875 (p. 43) says: "The valuation is at the trade-
" dollar rate, viz.: 420 grains, 900 fine, to the dol-
" lar." This was the rate until 1879. President Arthur may remember what was thought to be good usage, as to trade dollars, when he was Collector of the Port of New York, since the values of all merchandise, imported from countries having a silver standard of payment, were estimated by him, after January 1st, 1875, "at the trade-dollar rate," by direction of the Secretaries of the Treasury. Secretary Sherman continued the practice until January 1st, 1879, when he substituted the standard silver-dollar rate, viz.: $41\frac{1}{2}$ grains, 900 fine, to the dollar, which rate he again changed on the first of January, 1880, then, according to the present method, estimating the values of the foreign silver coins at their market values in gold. That abandonment of the

will not suffice. The refusal to redeem coins wherever the same sort are paid out is utterly indefensible, and at such places the \$20 limit shonld not be rigidly observed. At no public office should they be refused when presented in any reasonable amount; and extraordinary quantities, too, should be received, if there is no place of redemption in the neighborhood, for every citizen has an equal right to this convenience. The fixing of limits, and the designating of places for redemption, are properly Treasury regulations to be tried, and if found wanting or burdensome to be leniently administered, and speedily modified to adapt them to the needs of the country.

standard silver-dollar rate in 1880 was a veritable repudiation of the standard silver dollar so far as estimating the values of imports was concerned. These values have since been estimated as if the United States had no silver dollar, neither standard nor trade, except that "the trade-dollar rate" is still employed in estimating *ad valorem* duties on merchandise imported from China and the East, where the values expressed in the invoices are in trade dollars, or simply in dollars without mentioning what kind (as Mexican dollars), and where trade dollars—the only United States dollars in those regions—are supposed to be intended. The Mexican contains less silver than the trade dollar, but while the former is rated for the current year at less than 89 cents in gold, the latter is rated, in these invoices, at 100 cents in gold, making the *ad valorem* duties 12 per cent. higher. At the present day and for the fourth year the only silver dollar of the United States that has not been totally repudiated at the Custom House in the estimation of values is the trade dollar.

Not the People nor their Representatives

in Congress, but our officials have, to our dishonor, made this country about the last of civilized nations to receive its own coin. Our Treasury for many years followed good usage; long after starting so well, it fell into bad usage; and of late has nearly regained the original position, now receiving all its coins except trade dollars. When the Treasury first refused a coin of the United States, I cannot say;

but, certainly, no gold coin until 1831; no silver dollar before 1873; no half or quarter dollar, dime or half-dime, before 1853; perhaps the silver three-cent piece in 1851—the first year of its coinage, if offered in larger sums than thirty cents.

a. Refusing Coppers.¹

As the first coinage act of the United States (April 2, 1792) made gold and silver coins from the

¹ Under the Confederation each State could coin its own pieces of the alloy and value regulated by Congress. And on account of the “base copper coin daily imported into or manufactured within the several States,” Congress ordained, October 16, 1786, that the Treasury should receive “no other copper coin whatsoever” than United States coppers, which were made “receivable in all taxes or payments due to the United States in the proportion of \$5 for every \$100 so paid.”

Under the Constitution Congress was given power “to coin money,” while that power was expressly denied to the States; and the law of 1792, authorizing no restriction to be placed upon the receipt of coppers, was silent, on the other hand, as to whether even the coppers of the General Government were receivable at the Treasury. But what was the natural inference? Plainly, that the matter was left to the discretion of the Treasury. And what were the limits of that discretion? In general, to receive them whenever offered in payment, and redeem them where not needed. Possibly, Washington, who took a special interest in the copper coinage, and Hamilton, whose scheme of a mint was substantially adopted, did not comprehend the necessity of redeeming coppers upon demand. Nor could its necessity have been very apparent until years after their time, for in 1820 the Secretary of the Treasury (William H. Crawford) reported that “small change, both of silver and copper, may be abundant in Philadelphia, the seat of the mint; but it is not generally so elsewhere. If it were, tickets of 6 $\frac{1}{4}$, 10, 12 $\frac{1}{2}$, 25 and 50 cents, issued by mayors and corporation officers, and dollar bills torn in two pieces, for the purposes of change, would not be employed for that purpose.” In simple justice to their memory, be it said, that neither Washington

eagle to the half-dime "a lawful tender in all payments whatsoever," though nothing was said as to receiving copper cents and half-cents, it resulted from this and from another act regulating the tender of foreign coins that from 1793 to 1853 a

nor Hamilton ever entertained the idea that the Treasury had authority to refuse its coppers.

Hamilton wrote in his report on the establishment of a mint, April 28, 1791, that the copper coins, current hitherto, passed till lately for much more than their intrinsic value. The cent, authorized by Congress in 1786, and coined the following year, weighed $157\frac{1}{2}$ grains, or about $44\frac{1}{2}$ cents to the pound weight; and Hamilton, instead of suggesting a continual redemption of coppers to keep them at par, proposed a cent of 264 grains to "about correspond with the value of the copper and the expense of coinage." Hamilton was opposed to the then already general practice of making "the copper coinage an object of profit," and Congress, thinking with him "to conform to the rule of intrinsic value as far as regard to the convenient size of the coins" permitted, adopted the Hamilton cent, which was too heavy to coin without loss—the copper costing more than the piece was to go for. Ascertaining this fact, Congress, in 1793, authorized the coinage of a lighter cent—one of 208 grains, which was reduced by the President's proclamation in 1796 to 168 grains—still $3\frac{1}{2}$ times the weight (48 grains), of the cent now coined. Every motive for refusing coppers was absent when they were coined without profit. The metal was imported. There was no idea of coining unnecessary cents and half cents to make a market for foreign copper, as our mints for eleven years past have coined unnecessary pieces by the tens of millions to make a market for domestic silver. Hamilton's impracticable notion of circulating a cent with a cent's worth of metal in it was of course abandoned, and lighter pieces were authorized before the coinage of cents began in 1793. However, Congress, approving of his recommendation in 1792, showed positively that it did not sanction or expect the refusal of coppers by the Treasury. As the annual coinage of cents and half cents was not large for the first twenty years, on the average, not \$12,000, and for sixty-five years (1793-1857) about \$25,000 yearly; the profit after paying all expenses

person might lawfully offer in one payment \$1,000 or \$10,000 in half-dimes, dimes, quarters or halves, or in (sufficiently heavy) Spanish or Mexican quarters, eighths and sixteenths (the old-fashioned pieces variously known as York “shilling” and “six-

was only at best a few thousand dollars in the year; a poor inducement for refusing coppers. It is most absurd to assume that the American people were ever willing to annoy themselves with their own coin in order to let their Treasury make a profit out of themselves at their own expense.

It was made the duty of the Treasury (March 3, 1795; January 18, 1837) to exchange coppers for other money, transport them at the public risk to the principal cities and towns of the United States, and with the money received purchase copper for coinage, pay the expense of transportation, and with any surplus defray the contingent expenses of the mint. Suppose a citizen complained that having more coppers than he could pass, he must sell them at a discount to the money-changers unless the Treasury received them at par; could it not, though no law authorized it to refuse or compelled it to accept them, designate as a place of redemption the nearest public office or agency where copper coins were paid out? It could, but would not. And the injury, privately borne by a few sufferers, did not at once attract the attention of Congress as a public grievance; but, for thirty years past, the people, slowly comprehending that the Treasury was unjustly and unwisely refusing our coin—both silver and copper,—have, by adding one law after another, thoroughly prevented its interference except as to trade-dollars, the last of our pieces it has presumed to refuse. Now let us consider the steps taken to reduce the Treasury to an unconditional surrender.

In 1857, the copper-nickel cents were first coined, half-cents discontinued, and the redemption of the old coppers with the new pieces authorized. The coinage of cents, that hitherto averaged \$25,000 a year, was for the next fourteen years to average \$225,000; and the evil of the Treasury’s refusing to redeem the surplus was soon to appear; for only by redeeming them upon presentation could it tell whether there were too many in circulation, or too many here and too few there, how to distribute them, when to stop, or at what rate to continue

pence," Pennsylvania "levy" and "fip," New England "nine-pence" and "four-pence half-penny"), but no one was obliged by law to take coppers, which were first made a legal tender in 1864. When the citizen might be put to the inconvenience of

coining. By that Act of February 21, 1857, the distribution and exchange of cents was to be made under general regulation proposed by the Director of the Mint, and approved by the Secretary of the Treasury. In an hour's conversation those gentlemen might have arranged for the proper redemption of the new cents. The whole act suggested redemption. It provided for redeeming not only the old cents and half-cents, but also the smooth, light fractional parts of a Spanish or Mexican dollar which, up to that time, had been a legal tender for the payment of all debts and demands. Did the Director propose rules for receiving the new cents in any amount which the Secretary disapproved of? Or did neither Secretary nor Director consider what other nations practiced, and many citizens were fast learning in the hard school of experience? Every person who received in his business more cents than he could pay out and had to sell them at a loss, learned a lesson in coinage. Every cask of cents he sold taught him the lesson over again, and thus by constantly reviewing the same lesson he got it by heart. About this time the coinage so increased that the practical scholars whom experience taught multiplied rapidly. Thousands of citizens discovered by their own losses the Treasury's mismanagement. The wonder is that while so many grew wiser the Treasury seemed to learn nothing.

In 1864 (April 22) the new bronze cent and two-cent pieces were authorized to be coined and made a legal tender in any payment to the amount of 10 cents and 20 cents respectively; and though it was "lawful to pay out said coins in exchange for the lawful currency of the United States, (except cents or half cents issued under former acts of Congress,) in suitable sums—under general regulations proposed by the director of the mint and approved by the Secretary," the Treasury, while coining nearly 50,000,000 cents yearly, would receive but 10 in one payment, redeeming none.

In 1865 (March 3) when the 3-cent nickel was authorized to be coined, and exchanged in suitable sums for lawful currency, the

receiving and counting 2,000 half-dimes for a debt of \$100, or 20,000 for one of \$1,000; and when the Treasury itself had to receive all its silver and gold in any amount, is it reasonable to suppose, the

legal tender of the one and two-cent coins was limited to 4 cents, and the Treasury refused to take more than 4 ones or two two-cents in any payment, except, as a favor, half a dozen or so in change, and though coining \$1,000,000 in cents and two-cent pieces that year, redeeming none from those who had too many in order to supply other persons who had too few.

In 1866 (May 16) the coinage of 5-cent nickels and their redemption when presented in sums of not less than \$100, was authorized; but the Treasury, apparently incapable of taking a hint from the redemption of nickels, persisted in its perverse course, coining and issuing coppers by the ton, receiving few, redeeming none.

One thing, however, the Treasury did do; it instituted a comprehensive scheme of national education. By constantly injecting into circulation pieces of limited use, legal tender for only a few cents, and refusing them at the Treasury, if presented in larger amounts, they accumulated at many points, and by a sort of object-lesson taught the dullest pupil that the Treasury was wrong in refusing its own coin. If he complacently excused the Treasury and bore his first loss without murmuring, repeated experiences which the continued coinage and issue of cents forced upon him in his own shop made him at last lose his temper and gain his wits. With tens of thousands, at their own expense, completely educated so far as redeeming cents was concerned, Congress, in 1871 (March 3), responding to the public sentiment, "authorized and required" the Secretary of the Treasury to redeem any of these minor coins, when presented in quantities.

In 1871 the Secretary was also authorized to discontinue or diminish their manufacture and issue when the quantity presented for redemption showed the amount outstanding to be redundant; and by the act of February 12, 1873, he was not only authorized but *required* to do so, as if the head of the Treasury might not know enough to stop coining when he had found out by the best test that there were too many already.

Treasury might refuse its coppers at pleasure? For sixty years neither its gold nor its silver could it refuse, and it refused its coppers purely through official neglect. After years of patient suffering the people, enlightened by their losses, charged Congress to make laws instructing the Secretary of the Treasury how to attend to his own business. In 1871 (March 3) he was "authorized and required to "redeem * * * all copper, bronze, copper- "nickel and base-metal coinage of every kind here- "tofore authorized by law, when presented in sums "of not less than \$20."

b. Refusing Silver Tokens.

In 1851, when the coinage of three-cent silver pieces, and in 1853, when that of lighter halves, quarters, dimes and half-dimes, were authorized, no mention was made of the quantities in which the Treasury must receive them. And very singularly the Treasury assumed that it need not take any more than could be tendered to an individual. As the coins were tokens, that is, contained less than their face value of metal, they could not be sold without loss, for use in the arts or for export, and, as the Treasury would not receive them in larger sums than \$5, those who had accumulations had to sell them, at a greater or less discount, to brokers. Such losses were borne with only occasional protests until the number of victims was multiplied without measure by plaguing the country with that prodigious coinage of fractional silver—\$25,000,000 more than was needed, begun in 1875 and continued

three years. Then the American people were taught that just as the Treasury had to be compelled to redeem its coppers and stop their coinage, so it must be compelled to redeem its silver and stop coining more. It took eight years, after Congress required the redemption of coppers, &c., on demand, before the holder of silver tokens under \$1 could, by law, demand therefor lawful money of the United States, presenting them, at the Treasury, in sums of \$20 or any multiple thereof.¹

¹ Before 1851 nearly all our full-weight, or only slightly worn, silver coins disappeared from circulation, leaving behind the lightest and worst of Spanish or Mexican small change, because the dollar of $412\frac{1}{2}$ grains, at that time worth 103 cents in gold, the half-dollar over $51\frac{1}{2}$ cents, and our other silver coins valued in proportion, were exported, melted or hoarded, though some were still coined. The then price of silver, raising the coins of legal weight to a premium above gold, prevented their circulation; therefore, to circulate silver coins, it became necessary to issue pieces with less silver in them; and Congress, to supply change for the purchase of postage stamps, authorized, March 3, 1851, the coinage of a 3-cent piece, weighing $\frac{3}{100}$ of a silver dollar, but of course not containing $\frac{3}{100}$ of the silver, which would have made it worth more than 3 cents. It weighed 3 per cent. of $412\frac{1}{2}$ grs., that is, $12\frac{3}{8}$ grs., but instead of being 900 fine like the other silver coins, its purity was only 750 parts in 1000. The three-fourths of silver being worth $2\frac{1}{2}$ cents, the fourth of copper a trifle, it was a silver token, designed to improve our coinage; and no departure from good usage was intended by making it "a legal tender in payment of debts for all sums of 30 cents and under." As was expected, the experiment showed that a silver token would circulate at par—a fact very desirable to prove in those days. Still, nothing in the nature or circumstances of this coinage suggested any release of the Treasury from its perpetual obligation to receive its own coin. In that single section of the act of 1851 "to reduce and modify the rates of postage," which authorized the coinage of the silver 3-cent piece, no mention was made of

c. Refusing Trade Dollars.

From 1873 to 1876 the Treasury refused them like subsidiary silver coin, that is, more than \$5 in one payment; and since 1876 has refused them utterly, except the few offered at their value as metal. It

this obligation. Nevertheless, the silence of Congress was no excuse for the Treasury's overthrow of good usage by refusing all of its silver coin offered in excess of the limit intended for payments to and between individuals. However in 1851 the question of redeeming coins was not prominent. The great question then was how to supply the country with United States silver coin that would remain in circulation. One thing was certain; the new coins must contain less silver than the old; which could be accomplished by reducing the purity without changing the weight, or by lowering the weight without changing the purity. The first plan is followed in the Latin Union where the five-franc piece weighs 25 grammes of silver, 900 fine, while the franc weighs 5 grammes of silver 835 fine.

In 1853 (February 21) all our silver pieces under a dollar and over 3 cents were authorized by Congress to be coined as tokens upon the other and better plan, that is, not by making them less pure like the 3-cent, but by lowering the weight of the half-dollar from $206\frac{1}{4}$ to 192 grains and the other pieces in proportion, the fineness remaining the same (900). The heavier pieces formerly coined were a legal tender in all payments whatsoever; the lighter coin then authorized, only for all sums not exceeding \$5. These costly tokens, worth as metal, at that time, about 4 per cent. less than the face value, the mint might pay out, according to law, "in exchange for gold coins at par in sums of not less than \$100," and "transmit parcels" of them "to the assistant treasurers, depositaries, and other officers of the United States, under general regulations, proposed by the Director of the Mint, and approved by the Secretary of the Treasury." To avoid violating good usage these rules should have provided for at least their redemption on demand, at particular offices, sufficiently numerous to be convenient to the whole people. This was probably not thought of at first, so great was the need of coins for change; and when it was, the Treasury went to the other extreme; few would it accept in one payment, none redeem. When progress might have

is true, the joint resolution of July 22, 1876, provided that "the trade dollar shall not hereafter be "a legal tender," which certainly meant that the Treasury could not force it upon an individual, or one individual upon another. Did this provision mean that the citizen must be cut off from his right to pay the Treasury in its own coin? For over sixty years it received, though it could not pay them out, certain foreign gold and silver coins that various acts of Congress, prior to 1857, declared "shall "pass current as money within the United States, "and be a legal tender for the payment of all debts "and demands." With the exception of Spanish milled dollars and parts of such dollars, no foreign gold or silver paid into the Treasury could be paid out until it had been recoined into United States

been confidently anticipated, ground was lost. It was an advance in our coinage to make, in 1853, the purity of the 3-cent uniform with that of the other silver coins, raising it from 750 to 900 while reducing the weight to $\frac{3}{5}$ of the lightened half-dollar. Then, instead of going forward with the times, some Secretary of the Treasury set his face against the good usage of sixty years. He and his imitators were to blame, not Congress.

Popular movements are directed against particular abuses. People seldom insist upon applying the principle they contend for further than the effect of its violation is felt. In 1876 the House of Representatives, as inconsiderate as the Treasury, rejected the proposition of Mr. Townsend of Pennsylvania to make the Treasury exchange subsidiary silver coin at par for United States notes in sums not less than \$3, receive them for all dues in sums not over \$5, and redeem them on presentation in sums and under regulations to be prescribed by the Secretary. Congress would not act in advance of public sentiment, which was soon to be aroused. The Treasury ought, more than twenty years before, have conformed to the demands of good usage, and made Congressional action superfluous.

pieces. In the Scandinavian Union, slightly worn or disfigured silver coin ceases to be legal tender relative to private parties; but only when it has become so worn as not to admit of identification, or its impression is so disfigured as to render it doubtful by which government it was originally coined, does it cease to be a legal tender in payments to the government. Properly considered, the resolution of 1876 did not justify the Treasury's refusal of its own coin, always

An immodest and unusual act.

It should have received trade dollars at par in any sum, and held them for recoupling into fractional pieces, of which our mints coined millions out of silver purchased while trade dollars were refused. There was no authority for such recoupling, but if the Treasury had received and held them, Congress would have authorized it at the Treasury's request. Complication, not simplification, was the order of the day. Common sense was so uncommon in the Treasury that the Director of the Mint in his report for 1875 (p. 9) recommended, for circulation in the interior of the Chinese Empire, a new coinage of five, ten, twenty and fifty-cent pieces, weighing $\frac{1}{20}$, $\frac{1}{10}$, $\frac{1}{5}$ and $\frac{1}{2}$ of the trade dollar. That infliction Congress spared us.

In 1878 there was a remarkable change in the policy of the United States as to the coinage of silver dollars. In that year the Treasury commenced to coin and receive a lighter silver dollar, and has since refused the trade dollar, simply on account of its

weighing too much—a most extraordinary and ridiculous excuse. Now,

No Two Coins are ever just Alike.

Differences must exist. Both the weight and fineness are subject to limits. Such exactitude as is possible with modern machinery and processes was formerly unknown. The coiner is only required to keep within reasonable bounds. Congress allows a grain and a half of error in weight to every trade dollar, and the same to every standard silver dollar. The former may be issued if between $418\frac{1}{2}$ and $421\frac{1}{2}$ grs., the latter if between 411 and 414 grs. The fineness may vary from 897 to 903 parts of silver in 1000. The actual deviations are much less. In weighing one thousand dollars they are not delivered unless they weigh strictly 1000 times $412\frac{1}{2}$ grs.; but, notwithstanding this, few dollars have issued from our mints weighing exactly 420 or $412\frac{1}{2}$ grs. of silver exactly 900 fine. Mathematical precision is unattainable. What effect have these variations on the legal tender of pieces?

The Rule as to Gold Coins

is instructive. The coinage act of 1873 made them “a legal tender in all payments at their nominal value, when not below the standard weight and limit of tolerance provided by this act for the single piece, and when reduced in weight below said standard and limit of tolerance, a legal tender at valuation in proportion to their actual weight.” The double eagle may be issued $\frac{1}{2}$ grain short or

about $\frac{1}{10}$ of one per cent., the eagle also $\frac{1}{2}$ gr. short or about $\frac{1}{5}$ of 1 %, and each of the other gold coins $\frac{1}{4}$ gr., making about $\frac{1}{5}$ of 1 % on the half eagle, about $\frac{1}{3}$ of 1 % on the three-dollar piece, about $\frac{2}{5}$ of 1 % on the quarter eagle, and about 1 % on the one-dollar piece: a different proportion for nearly every denomination. Of course, few of these light coins can be legally issued, because in weighing large numbers of pieces together before delivery the deviation from the standard weight must not exceed $4\frac{8}{10}$ grs. in \$5,000 in double eagles, eagles, half eagles, or quarter eagles, in 1000 three-dollar pieces, and in 1000 one-dollar pieces. A double eagle, if not below $515\frac{1}{2}$ grs.; an eagle, if not below $257\frac{1}{2}$ grs.; a half eagle, if not below $128\frac{3}{4}$ grs.; a three-dollar piece, if not below $77\frac{15}{100}$ grs.; a quarter eagle, if not below $64\frac{1}{4}$ grs.; a one-dollar piece, if not below $25\frac{55}{100}$ grs., are legal tender in all payments at their face value. Furthermore, "any gold coin of the United States, if reduced in weight by natural abrasion not more than $\frac{1}{2}$ of 1 per centum below the standard weight prescribed by law, after a circulation of twenty years, as shown by its date of coinage, and at a ratable proportion for any period less than twenty years," is received at par by the Treasury. No gold coin that the Treasury receives, if reduced in weight below this limit of abrasion ($\frac{1}{2}$ of 1 %), can be reissued; it must be recoined. Though, for instance, no double eagle can be tendered at par to a private party, if it weighs less than $515\frac{1}{2}$ grs., the public treasury must receive it at par, if without evidence of "fraudulent abrasion or other prac-

tices" it has lost no more than $\frac{1}{40}$ of 1 % annually since its coinage, and weighs at the end of twenty years $513\frac{42}{100}$ grs. Refuse it altogether the Treasury cannot; for, however light any one of our gold coins may be, it is always a legal tender by weight to all parties. Put the case that a gold dollar, one-quarter of a grain short and slightly worn, that is, somewhat below the limit of tolerance and far below that of abrasion, were returned to the Treasury; would it receive the piece at par or by weight for 99 cents? It is safe to say it would not permit the holder to suffer for its own fault (in coining the piece too light). It carefully avoids temptation to injustice, and protects itself by coining gold as nearly as may be of the standard weight and fineness.'

Contrast

this loyal, upright treatment of gold with its treachery as to the trade dollar. To its disgrace it coined 20,000,000 trade dollars without precaution, stoutly asserting its irresponsibility while affecting to warn the public against the consequences of its acts. This transgression is pardoned by nothing in the law or practice as to its

Receipt of other Silver Coin.

The law of 1792, taking no account of wear or errors in the mint, made our gold and silver coins legal tender at par, if of full weight, and if of less weight at value proportional. It would seem that, according to law, any silver dollar coined since 1837 has

been legal tender only if of full weight, $412\frac{1}{2}$ grs., 900 fine, containing $371\frac{1}{4}$ grs. of silver; though a single dollar might be issued weighing but 411 grs., 897 fine, that is, containing less than 369 grs. of silver. Hence, it appears, by the present law the Treasury may issue a silver dollar so light as not to be legal tender, a coin that no statute expressly compels it to receive even in proportion to the weight. If through negligence or by fraud the Treasury issued a dollar of 400 grs., might it refuse that? Without any law requiring the redemption of such a coin the Secretary might prudently venture to receive it at par, not to issue again, but to hold it, awaiting the action of Congress. Taking it in proportion to its weight would be as unjust to the holder as taking a trade dollar by weight for $101\frac{8}{10}$ cents would be to the Treasury. Light gold coin is received by weight, but gold is now coined at a loss. The Treasury puts 100 cents' worth of gold into the dollar, throws in the copper, bears the cost of coinage, and loses in addition by receiving a worn piece at the nominal value. The loss from wear is limited by law to $\frac{1}{2}$ of 1 per cent. When lighter pieces are taken by weight, the holder loses. The British Mint Report, 1870, says: "There is no least current weight 'for silver coins.' As silver is a taken coin-age, the withdrawal of silver coin is undertaken by the State." This is perfectly just. The silver dollar is now coined at a profit so great that, though its weight be enormously reduced by wear, the Treasury, which buys a whole ounce of standard

silver for \$1, may receive it at par without loss. The Treasury may give a silver dollar of $412\frac{1}{2}$ grs. in payment for 480 grs. of the same silver, receive at par a dollar worn down to 400 grs.; then coin a new piece of $412\frac{1}{2}$ grs., melt the light one, and, adding $12\frac{1}{2}$ grs., make another of full weight, and will still have 50 grs. of standard silver with which to repair other dollars. At the present price of silver a dollar, though diminished by wear to 360 grs., may be received at par by the Treasury and without loss re-issued of full weight by supplying the requisite silver and copper.

All tokens come under this rule. So long as they can be identified as United States coins the Treasury must, according to good usage, receive them at par, for no amount of wear, no original error in weight or purity, justifies their refusal, except in cases of fraudulent diminution &c., and even then the Treasury should be most liberal toward innocent holders, seeking only to correct the evil by detecting and punishing offenders. Behind all these outlying fortifications .

The Trade Dollar is Safely Intrenched.

It is not too light. Its lowest limit exceeds the highest of the standard silver dollar; its standard weight is $7\frac{1}{2}$ grs. above $412\frac{1}{2}$, and 9 above the least weight of the standard silver dollar authorized. Its purity is the same. Can it be rejected because too heavy? Suppose a dollar of over 414 grs., 903 fine, containing 374 grs. of silver, was issued as the piece of $412\frac{1}{2}$ grs., 900 fine. The difference here is on the side that makes no difference as to receiving a coin.

It matters not how much heavier a coin is than it ought to be, the Treasury must take it. The Treasury may refuse to issue pieces that are too heavy; it may not refuse to accept its heavy pieces already issued. The trade dollar belongs this category. In 1878 it was succeeded, as in 1873 it had been preceded, by a coinage of lighter dollars. At what rate shall it be received by the Treasury? In 1837, when the silver dollar was reduced from 416 to $412\frac{1}{2}$ grs. by reducing the copper $3\frac{1}{2}$ grs., the heavier dollars "heretofore issued" continued "to be legal tenders" "of payment at their nominal values on the same" "terms as if they were of the coinage provided for" "by this act" (January 18, 1837). When the coinage of lighter gold pieces was authorized, in 1834, the heavier pieces formerly coined were made receivable in all payments at the rate of $94\frac{8}{10}$ cents per pennyweight or \$10.66 $\frac{1}{2}$ to the eagle. In equity the Treasury has the alternative to receive the trade dollar at par as practically a standard silver dollar or to receive it at a value in proportion to its weight, namely, $101\frac{8}{10}$ cents, as an uncirculated piece. No usage or law of this or any other civilized country sanctions the total casting out of a coin as the trade dollar has been repudiated by the Treasury since 1876. As the silver in it is not now worth \$1, and holders ask for no more than 100 cents, the Treasury should receive it at that rate.

d. Refusing Gold Coin.

After rejecting cents, refusing small silver, repudiating trade dollars, the United States Treasury

ultimately declined, in certain cases, "all tenders of gold or silver coin" (Finance Report for 1881, p. 443) as lawful money. This came to pass in May, 1881. Then the Treasurer of the United States "declined longer to receive gold coin, which is a "legal tender in payment of all debts, and insisted "upon a deposit of United States notes" (p. 221), to be held and used for the redemption of National Bank notes, or for their retirement upon the withdrawal of the bonds held by the Treasurer as security. On the 14th of June following the Attorney-General decided that "the banks may withdraw their bonds "upon the deposit of the requisite amount of any "kind of lawful money." He says the language of the law is "almost too unambiguous for construction." On the 30th of June, 1881, he decided that a bank may also deposit coin for the redemption of its circulating notes. Thus the Executive branch of the Government corrected its own blunder. It is astounding that two opinions had to be given before the Treasury would acknowledge that gold coin was lawful money, and that it could not refuse gold coin where it accepted United States notes. It may seem to some persons like sacrilege to compare the trade dollar with the gold dollar, but the refusal of both by the Treasury and its denial of their being lawful money suggest a common fate. When gold coin was refused it was "a legal tender in all payments;" and the ease with which the law was brushed aside shows the necessity of recognizing the people's right to pay the Treasury in its own coin as a general principle to guide it in the interpretation of the laws themselves.

e. Refusing United States Notes.¹

From 1862 to 1879 the Treasury refused to receive greenbacks at the Custom House.² In his report for 1878 Secretary Sherman gives Congress notice that, "unless Congress otherwise provides,"

¹ On the 17th of July, 1862, Congress made the postage and other stamps of the United States receivable in payment of *all dues* to the United States less than \$5. And the law required United States notes to be given for them when presented to the Treasury in sums not less than \$5. In 1863 (March 3) Congress authorized the Treasury to issue fractional notes in exchange for notes of larger denominations, when presented at the Treasury in sums of not less than \$3. These fractional notes were made "receivable for postage and revenue stamps, and also in payment of any dues to the United States less than \$5, except duties on imports;" and redeemable on presentation at the Treasury in sums and under regulations prescribed by the Secretary. No postage or revenue stamp, no postage or fractional note, was a legal tender; still, all were redeemed by the Treasury, whenever presented, however large the amount: which makes it the more remarkable that until 1871 the Treasury redeemed no bronze cent or two-cent piece, authorized to be coined in 1864 really as a substitute in payments for the one and two-cent stamps; and until 1873 redeemed no 3-cent nickel authorized to be coined in 1875 to replace the 3 cent stamp and note; and until the passage of the coinage act in 1873 redeemed only in sums not less than \$100 the 5-cent nickel, authorized to be coined in 1866 as the substitute of the 5-cent note.

² The Treasury was never as particular as it pretended to be about demanding coin for customs duties. Congress authorized it (March 3, 1863,) to issue certificates on the deposit of gold coin or bullion, and for an amount (in addition) not exceeding one-fifth the amount of gold coin or bullion in the Treasury, and to receive these gold certificates for customs duties, and to pay them for interest on the public debt. Such use of certificates was an abandonment of the principle that the interest on the public debt must be paid in actual coin. Instead of coin the bondholder gets a certificate. It is not the same thing. It is very different. The Treasury keeps the coin and pays its debt by making another debt, that is, transfers the debt from

he will receive them for customs duties after January 1st, 1879. The law was not changed in the least, and it is to-day as unlawful to pay greenbacks for duties on imports or interest on the public debt as it would have been at any time from 1862 to

one to the other. The bondholder receives the equivalent of coin, however, for the certificate is worth in the market as much, and the payment is more convenient. Issuing and receiving certificates is better than handling coin—an accommodation to both Treasury and public creditor. The holder of a gold certificate issued under the Act of March 3, 1863, knew that the Treasury must have, by law, at least \$5 in gold or bullion for every \$6 of the certificate. He took the certificate without asking to see the gold. Up to July 1, 1879, the Treasury might issue \$6 in certificates for every \$5 in metal it held, leaving \$1 as much unsecured as ever any note of the United States. At that date in 1879 the issue of gold certificates was discontinued to be re-authorized in 1882 (July 12). The new law permits no certificates to be issued in excess of the amount of gold or bullion deposited and in the Treasury. Since 1878 (February 28) duties on imports have also been payable in silver certificates.

It was during the war, on the 25th of February, 1862, that Congress made United States notes (greenbacks) a legal tender in payment of all debts, public and private, except duties on imports and interest on the public debt. Receiving coins for customs duties was supposed to be necessary in order to keep faith with the bondholders in the payment of interest. If the bondholder demands it, the Treasury must pay the interest in gold or silver coin of the proper weight and fineness; but, beyond doubt, if he is willing to receive the equivalent of the coin in greenbacks, the Treasury may, according to the best usage, give him the notes or a check for the amount in currency. And, for its part, the Treasury may demand coin, or its equivalent in greenbacks, for customs duties. It is not for the Treasury, at this late day, to deny these truths, however long Treasury officials may have been ignorant of their importance. For the sixth year the Treasury has done right as before it did wrong in this regard. Here is an instance of where the Treasury refused its own notes, in some payments, for nearly seventeen years, and finally cor-

1879; nevertheless every Secretary of the Treasury since January 1st, 1879, has felt it to be his duty to receive them from importers and pay them to bondholders willing to take them. It shows with what security the Treasury may do right even where a

rected its own blunder—one of the greatest ever committed by the United States Treasury. When a merchant has to sell at a discount half a hundred-weight of copper, or bronze cents, or several pounds-weight of silver tokens, he knows where the shoe pinches; but it takes greater penetration, nicer sensibility, to locate the infinitely more serious and extensive losses caused by refusing United States notes at the Custom House during and after the civil war. Knowing where and by whom they were hurt, the people have compelled Congress to compel the Treasury to redeem, on demand, since 1871, its one, two, and three-cent pieces of copper, bronze or nickel, and, since 1879, its silver tokens of half a dollar and under. And Congress will yet be compelled to order the redemption of trade dollars. On the other hand, greenbacks were used in so many ways that neither Congress nor the people appreciated the widespread loss resulting from their refusal at the Custom House. Who brought the gold or certificate there? Importers, who bought it at the market price in greenbacks. From whom did they buy it? From brokers who got it at the market price in greenbacks from bondholders. And these public creditors, how did they get it? They got it for interest on the public debt from the Treasury. And where was it received by the Treasury? At the Custom House. The Treasury received gold (or the certificate) and paid gold (or the certificate); but the public debtor, that is, the importer, paid for it in currency, and the public creditor, that is, the bondholder, sold it for currency. The supposed obstacle to the payment of greenbacks at the Custom House was the premium on gold. This obstacle was imaginary. The Treasury had but to say to the importer: "We will sell you the gold at the market price;" and to the bondholder: "We will buy your gold at the market price." Then the brokers, unable to take any advantage, could not have raised the price to the importers or lowered it to the bondholders. Every importer would have nominally bought gold of the Treasury to pay his duties with, that is to

strict construction of the law would appear to authorize only the wrong course. With equal assurance of Congressional and popular approbation, any Secretary of the Treasury from Hamilton to Boutwell might, with the laws as they were from 1792 to 1871, have redeemed coppers; and any Secretary from Corwin to Sherman might, with the laws as they were from 1851 to 1879, have redeemed fractional silver. The refusal of trade dollars is as unnecessary and impolitic as was the refusal of gold coin.

The Value of a Good Rule.

"When the Coinage Act of 1873 went into effect," says the 'Mint Report' for that year, "the subsidiary silver coin on the Pacific Coast were from two to three per cent. discount, as compared with gold, and caused much inconvenience, especially to the laboring classes and retail dealers" (p. 18). In 1876 (June 21) Senator Sargent, of

say, paid in greenbacks or National bank notes, the equivalent of the gold. And nearly every bondholder would have nominally sold gold to the Treasury, that is to say, received in lawful money the equivalent of the coin due to him for interest. When there was no longer a premium on gold coin, the Treasury ventured to receive its notes without waiting for any authorization. Congress acquiesced as it would have done at any time. No legislative action has been taken. Justify the Treasury's present course and you condemn what it used to do. Now with gold coin at par it gets coin or the equivalent of coin. Then with gold at a premium it should have demanded coin or its equivalent; and it was as easy then as it is now to find the equivalent. As a result, the premium on gold would not have lasted long or at any time been high.

California, said in the Senate : "Subsidiary silver
" coin is worth some 93 or 94 cents, 95, I believe, at
" the present time, on the Pacific Coast." If the
Treasury had adopted in 1873 (and what was to
prevent?) the rule, found in the Swedish coinage
law of 1873, that in the payment of dues to the
Government all its coins shall be legal tender in all
amounts, the surplus of our silver coins on the
Pacific Coast would have been immediately paid in
to the Treasury, to the relief of the community, and
the remainder brought to par in 1873 instead of
1879. As silver declined in value, United States
silver coins in foreign parts would have been sent
home, and the Treasury soon finding itself with so
many on hand, would, instead of coining \$25,000,000
too much of subsidiary silver, have coined at worst
an excess of but a few millions. In 1875, as soon as
trade dollars commenced to circulate on the Pacific
Coast, private accumulations would have been re-
turned to the Treasury in payments; and being legal
tender to individuals for but \$5 in one payment, few
pieces would have circulated. In July, 1876,
when the joint resolution was passed authorizing
the Secretary of the Treasury to limit their coinage
from time to time "to such an amount as he may
" deem sufficient to meet the export demand for the
" same," several million trade dollars in the
Treasury would have opened the eyes of the Ameri-
can people, and Congress would have discontinued a
coinage already carried too far. If ten years ago the
Treasury had adopted in relation to silver the rule
then required by law as to the redemption of cop-

pers, not only the coinage of subsidiary silver, of which \$26,000,000¹ in halves, quarters, &c., lie idle in the Treasury, would have easily \$20,000,000, if not \$25,000,000 less, but also the coinage of trade dollars would have been from 20,000,000 to 25,000,-000 less. As a measure of economy, then, to prevent extravagant coinage, public annoyance, and innumerable petty losses, the Treasury should have received trade dollars at par whenever offered and in whatever amount, though before July 22, 1876, it could pay out but five at a time, and from July, 1876, to February 28, 1878, not one, except to persons willing to receive them. Since February, 1878, it has done wrong in discriminating between the trade dollar and the standard silver dollar. The one is no better nor worse for circulation than the other.

No Lack of Good Usage to Follow.

From the foregoing it is evident that none of that support of law which consists of good usage is lacking in my statement that President Arthur has ample authority to order the receipt of trade dollars at the Treasury the same as standard silver dollars. If you, Mr. Secretary, do your duty as you do with the greenbacks, and the Treasury receives the coins at par, neither the President nor the people will have the abuse to rectify, and Congress will only have to consider the consequences, that is, if trade dollars are paid in, whether they shall be paid out again, and in what form, or melted and the silver sold.

¹ Fractional silver coin in the United States Treasury on the 30th of April, 1884, amounted to \$29,158,480.47.

II. UNITED STATES CONSTITUTION.

When the Constitution of the United States was framed in 1787, it was considered good usage for the Treasury to receive all its coin at par. The honorable Secretary of the Treasury will hardly deny that the Constitution secures to citizens the right to pay the Treasury in its own coin, because it is a right that we could not be deprived of without our own consent, and no word in the Constitution implies any surrender of it by our forefathers or ourselves. The Constitution gives Congress the power "to coin "money and regulate the value thereof," but Congress has no power to repudiate United States coins, and for the Treasury to refuse trade dollars is to repudiate them. The Continental currency was repudiated and the legal tender of United States notes was declared constitutional; but in no act of Congress or opinion of the Supreme Court has the power to repudiate our *coins* been asserted. The trade dollars are the first of our pieces any one ever proposed to repudiate. Their repudiation is a Treasury idea, not to be found in the Constitution or our laws.

"Where the law trusts he ought not to distrust. "The king's prerogative is always saved wherever "express words do not restrain it" said the lawyers of King Charles in the case against brave John Hampden for ship-money. Does this royal argument apply to the silence of our Constitution? Scarcely. The king gained his point only to lose it and his life. Parliament crushed his argument and then him. The first coinage laws of the United

States obliged the Treasury to receive everywhere, to any amount, all its coins, of five cents and over, trusting Washington and Hamilton only in the matter of receiving copper cents and half-cents. Those great men never dreamed of our Republic's refusing its coin. In 1851 the Treasury was trusted as to receiving three-cent silver pieces, in 1853 as to receiving the other silver coins under one dollar. That Congress had to pass laws in 1871 and 1879 requiring the redemption of coppers and fractional silver on demand proved that the Treasury had betrayed its trust.

Some pretend that the trade dollar is what they call a "bastard coin." Where does Congress or the Treasury derive its authority to coin an illegitimate piece? Surely not from the Constitution. What is coined by the United States as (to all appearance) a United States coin should never be refused by the United States. Declared by law to be a coin of the United States the trade dollar looks like one, and was struck at United States mints, partly by authority of Congress, partly without its authority. The millions of trade dollars illegally coined were nevertheless coined by command of the Secretary of the Treasury—an agent of the United States, making the Government responsible.

By adopting the Constitution, the several States which under the Confederation had the power to coin money of the alloy and value regulated by Congress, transferred that power to Congress, denying it to themselves. Would any jurist have us suppose that the States considered the General Government

under no obligation to receive at par whatever coins its Treasury issued? Ignorance of the usages and requirements of coinage is apparent in nearly all our coinage laws, and Congress did not compel the Treasury to redeem coppers or fractional silver tokens until thousands learned from that hard master, experience, what to ask for; yet, whenever action was taken it was always upon the right principle, that the Treasury must receive or redeem its coin.

To some minds the plea of necessity is a sufficient excuse for violating any Constitutional provision. No one contends, however, that either to coin trade-dollars in the first instance, or to repudiate them afterwards, was necessary. Some thought their coinage desirable, others their redemption undesirable. There was no pretence of necessity—the sole plea, even according to bad usage (and there never was any good usage in favor of such injustice), upon which the Treasury might refuse its coin. The paltry excuse of the French king, namely, “the necessities of our kingdom,” can not be made. The right to pay the Treasury in its own coin is based upon eternal justice. Its refusal of trade dollars is an example of passing injustice. It redeems or exchanges on demand its other coins.

If the President believes, as many citizens do, that the Treasury can not constitutionally disregard good usage, he may conscientiously order the receipt of trade dollars the same as standard silver dollars. The Secretary ought to anticipate such a command, receiving them at par and holding them for the further action of Congress. Though Congress di-

rected the President to do an unconstitutional act, his oath of office would forbid compliance; and Congress would have no remedy but impeachment. On the other hand, if Congress fails to express its intention in any case, the Treasury is not to assume that an unconstitutional act is authorized. No House of Representatives would impeach a President or the Secretary because the Treasury honored United States coin.

Under the Constitution the Treasury has but two ways to escape receiving its objectionable pieces: first, by not coining them, or, if coined, by not issuing them; and secondly, if already received or redeemed, by not issuing them again until recoined as desired. Constitutionally only the supply can be cut short; the coinage may be stopped at the mints, or the issue at public offices. Congress may declare that the coin shall not be legal tender to or between individuals. The Treasury's refusal of its own coin is repugnant to common sense and common law. For committing such an outrage public opinion and policy, six hundred years ago, made Philip the Counterfeiter apologize. The levy of ship-money on inland places by Charles the First was not more absurd and wilful than is the repudiation of United States trade dollars by the United States Treasury.

III. ACTS OF CONGRESS.

As the Constitution leaves us free to enjoy the ancient right of paying the Treasury in its own coin, it is not for Congress or the Treasury to interfere;

and though the Treasury is not directed in so many words to receive trade dollars, there is nothing to prevent its so doing. Three acts of Congress refer to the trade dollar.

1. The Coinage Act of 1873, says: "The silver coins of the United States shall be a trade dollar, a half-dollar, &c." It authorized the Treasury to strike, issue, receive and pay trade dollars as coins of the United States. Like all the other silver coins then authorized, they were made "a legal tender at their nominal value for any amount not exceeding \$5 in any one payment." Before 1873 the silver dollar, though long at a premium and without home circulation, was the silver dollar of the Custom House; and when, at the beginning of 1875, the trade dollar was substituted it circulated nowhere in the United States. The Treasury's proclamation for four years, openly, at home and abroad, that in estimating the values of foreign silver coins, it recognized the trade dollar as the silver dollar of this land; an arrangement by which the United States profited and which was said to be in compliance with the Act of March 3, 1873; can only be defended on the ground that the trade dollar was the legal successor, substitute and equivalent of the silver dollar, coined before 1873 and restored in 1878 (p. 110). The Treasury ruling, still in force, that imports valued in trade dollars shall be estimated at 100 cents the dollar, is an acknowledgement of the present hour that the trade dollar is at the Treasury the equivalent of the other silver or the gold dollar.

2. As to the joint resolution of July 22, 1876

(p. 32), the most important feature concerning trade dollars was the favor conferred upon the Secretary of the Treasury to limit their coinage to the export demand. To this provision the Treasury paid little attention (p. 47). Indeed, except in quoting the resolution as authority for the repudiation, as fast as issued, of the 20,000,000 trade dollars coined after its passage, the Treasury ignored, until the eleventh hour, all that part of it which referred to them. The joint resolution undoubtedly suspended the legal tender quality of the trade dollar relative to private parties (p. 57).

3. By the Act of February 28, 1878, standard silver dollars of $412\frac{1}{2}$ grs., 900 fine, and "all silver "dollars heretofore coined by the United States of "like weight and fineness," were made a legal tender. If common sense prevails, the law of 1878 will be held to have repealed the joint resolution of 1876, and made the trade dollar as unlimited a legal tender as the standard silver dollars. As I have already shown, the dollars now coined monthly are practically but not literally of "like weight and fineness," one with another. Allowance must always be made for deviations from the prescribed weight and purity. Being without material differences, all silver dollars of the United States are essentially the same and equally legal tender. The repudiation of the heavy dollar is tyranny. The Treasury was guilty of a most wanton act after Congress had authorized an endless coinage of lighter dollars. Without any export demand for them, the Treasury, in March, 1878, coined 1,308,-

200 trade dollars, in April 35,000, and in May 200, only to repudiate them with the rest. In that month of March a million dollars of $412\frac{1}{2}$ grs. were coined side by side with nearly $1\frac{1}{2}$ millions of 420 grs. And the heavy were refused, the light received by the Treasury that coined both.

. IV. LEGISLATIVE INTENTION.

The maker of a promissory note cannot avoid payment on the simple plea that he never intended to pay it. The note speaks for itself. And after the Treasury has stamped the words—*United States of America*, with the motto—*E Pluribus Unum*, on the broad, shining backs of nearly 36,000,000 trade dollars, each one bearing, as it were, the sign manual of the Nation, it is iniquitous to repudiate the piece on account of somebody's intentions before or during its coinage. The trade dollar speaks for itself. In good commercial usage it is endorsed by the United States. The men who passed it into circulation at par cannot be found, but the endorser can be. And the United States are liable. This liability is not dependent upon what Congress intended, or did not intend, in 1873, 1876 and 1878.

In 1873 the silver in the trade dollar was worth more than a gold dollar, much more than a paper dollar, and the piece was "designed for export."

But that was not all. The Mint Report for 1873 (p. 23) says: "Having been made a legal tender in 'limited amounts, it may eventually, if the price of 'silver relative to gold falls sufficiently, to some 'extent enter into home circulation." And its cir-

culation within the United States was as properly provided for as the circulation of any of our subsidiary silver at that time. Was it not the intention (1) to provide a superior coin for export so long as the metal in it was worth more than or nearly as much as a dollar of current money, and (2) to provide for its possible circulation at home, in case the value of silver fell sufficiently? It was understood by those who understood anything about it that making trade dollars a legal tender to the extent of \$5 in any one payment would be inoperative as to the Pacific Coast and Texas until the silver in the trade dollar was worth less than \$1 in gold, and inoperative as to the rest of the Union until worth less than \$1 in greenbacks. What evidence is there that Congress intended (in 1873) to repudiate the piece, to act as the Treasury has acted, or to inflict losses upon innocent holders—our own citizens—ourselves?

In 1876 Senator Howe frankly confessed that he knew not what that “occult law of trade” was, which justified the legal tender of $412\frac{1}{2}$ grs., and the rejection of 420 grs. of the same silver. Another Senator, (Mr. Whyte) objected that while people have the trade dollar “in their possession “you take away from them its value as a legal ten-“der” (Cong. Record, 44th Cong., 1st Sess., vol. 4, part 3, p. 2347). Thereupon a Senator (Mr. Sherman) who professed to know why replied: “We “can change that; it is no harm to change that; “and it is entirely within our power to change it. “It does not do them any harm.” Last summer

the merchants of New York City complained that they lost \$150,000 a year by the circulation of trade dollars. What significance have the intentions of a lawmaker (Mr. Sherman) who declared in substance, that divesting the trade dollar of its legal tender quality and refusing it at the Treasury would not do the holder "any harm;" or the intentions of a Congress that almost in silence lent its votes to the unwise scheme? Senator Howe knew more than the expounder of the occult law; he knew his own ignorance. All that Congress may be said to have intended in 1876 was to try an experiment. It attempted, what under the circumstances was impossible, to continue the coinage and yet prevent the circulation. The Secretary of the Treasury was empowered to limit the coinage to the export demand. He could not have done it if he had tried. But he did not even try. Withdrawing the legal tender power of the trade dollar to keep it out of circulation was the mistake of legislators, proceeding without knowledge in defiance of good usage; a mistake that the treasury might at any time have rendered harmless by receiving the coins at par.

In 1878 the original intention, to coin silver dollars just as they were coined up to 1873, was changed, and it was finally agreed that they should be coined thereafter the same as subsidiary silver by the Treasury at a profit, though continuing to be a legal tender to any amount. In 1873, it is said, the intention was to establish the simple gold standard of payment; in 1878 a modification of the double standard was adopted. In 1873 it was intended to

sink the silver dollar (if it ever came into circulation again) to the level of tokens; in 1878, to raise it in spite of its value as metal, to an equality with the gold dollar,—indeed, to oblige the treasury to receive and pay it the same as gold. All silver dollars coined before February 12, 1873, were without doubt intended to have their legal tender character (if disputed) restored to them; and it was further intended to repeal or modify all acts or parts of acts inconsistent with that intention. The silver dollar coined before 1837 weighed 416 grs., it was neither of like weight nor of like fineness with the standard silver dollar. The Treasury is willing to establish the rule in that case that because those coined before 1837 are substantially the same as those coined from 1837 to 1873, the former must be included (as intended by Congress) in the restoration of the legal tender character. It is only proper that this equitable rule be also applied by the Treasury to trade dollars so far as its receiving them is concerned.

CONCLUSION.

Founded on common sense and respected by good usage, the right to pay the Treasury in its own coin is not denied by the Constitution, nor violated by any act of Congress. Our American Republic appears less civilized than the Russian Empire, in this regard, only because the Treasury takes it upon itself to deny us this right. The power to receive its coin at par Congress could not strip it of.

As a President of the United States is not bound to shade his eyes from the light because his prede-

cessors walked in darkness, President Arthur should announce that during his Administration no coin of the United States shall henceforth be refused by the Treasury. The Secretary might direct that until the meeting of Congress in December trade dollars would be exchanged, upon presentation in sums of \$10 or any multiple thereof, for silver certificates; and that after Congress reassembled they would be received on all accounts the same as standard silver dollars. And Congress should be so informed as it was in 1878 in reference to receiving greenbacks at the Custom House. By the issue of certificates the necessity of tendering the trade dollars in payment would be avoided. Those received in exchange for certificates should be kept in the Treasury to await the action of Congress. If the certificates were presented for redemption in silver dollars (which with our continuous monthly coinage is not likely to happen) the standard silver dollar of $412\frac{1}{2}$ grs. could be paid out, the trade dollar of 420 grs. retained on account of its superior weight.

If there is a lingering doubt in your mind as to your power to honor all United States coin, let me remind you of those memorable words that the last Secretary of the Treasury from New York, John A. Dix, wrote to a revenue officer: "If any one attempts to haul down the American flag, shoot him on the spot." I remember how as a boy I heard the wisdom and patriotism of the act applauded. As a man I fail to find in the Constitution, laws or Congressional intent, any authority for such an order. It is far different with the

Treasury's authority to receive its coin, supported by the Constitution and laws, all honorable intentions, good usage, the example of other nations, the spirit of the times, as I have been at great pains to make clear. May the Treasury show that there is a man in it to-day who has the intelligence to ascertain, and the courage to assert, the truth that we, the people, have the right to pay our Treasury in its own coin.

Very respectfully,

JAMES C. HALLOCK, JR.

FROM PRESIDENT ARTHUR'S ANNUAL MESSAGE,
December 3, 1883.

"The trade dollar was coined for the purpose of traffic in countries where silver passed at its value as ascertained by its weight and fineness. It never had a legal-tender quality.¹ Large numbers of

¹ On the same day (December 3, 1883), Secretary Folger informed Congress that "the Act of 1873 made . . . the trade dollars a legal tender at their nominal value for any amount not over five dollars." The Secretary also speaks of "the joint resolution of 1876, which took away from this coin the legal tender quality of it." According to the President, Congress must have attempted to deprive it of a quality that, he says, it never possessed.

So far as the President's annual message is intended as a brief introduction to the array of annual reports that issue from the various branches of the Executive Department, it should bear the same relation to these reports that ordinarily the introduction of a book does to its contents. There should be no disagreement as to the facts or perversion of them. In this case the President misstates what is correctly stated in the Finance Report. He contradicts the present Secretary of the Treasury and a former Secretary, the present Director of the Mint and his predecessor, the compilers of the Revised Statutes, and others. He might as well tell Congress that two laws which have been on the statute-books since 1873 and 1876, respectively, were never passed. Though a lawyer he is mistaken about the law.

If what the President says were true, it would make no difference. The old demand notes—the forerunners of the greenback—were never a legal tender in payment; but over \$50,000,000 of them were issued, and they were at a premium above gold coin. The fractional currency never had a legal-tender quality, and yet over \$10,000,000 once circulated—more than the whole coinage of trade dollars. Though the silver certificates are not legal tender, nearly \$100,000,000 are outstanding.

these coins entered, however, into the volume of our currency. By common consent their circulation in domestic trade has now ceased,¹ and they have thus become a disturbing element. They should not be longer permitted to embarrass our currency system. I recommend that provision be made for their reception by the Treasury and the mints as bullion at a small percentage² above the current market price of silver of like fineness."

The Constitution provides that the President "shall from time to time give to the Congress information of the state of the Union." He has no authority to make misstatements about trade dollars or anything else. It is almost incredible what our officials have said about those coins. Secretary Folger approaches accuracy and evinces a liberal spirit, though it does not carry him far enough. So much cannot be said of any other person in Government employ.

¹ It was not done by common consent. When did innocent holders ever consent to lose on account of holding their nation's coin? When the wholesale merchants of New York combined and agreed not to receive trade dollars, the commercial value fell; and though people were willing enough to receive pieces that could be passed like other money, they would not touch pieces that they knew could only be disposed of at a loss. By the firmness of the New York merchants the circulation of the piece was arrested. The consent of the holders was not asked. Before the merchants took this step they unsuccessfully petitioned Congress for relief—that is, to compel the Treasury to take its own coin.

² Considering that the Treasury is continually coining and issuing millions of silver dollars at a rate very much "above the current market price of silver of like fineness," this is an extraordinary proposition. Suppose the trade dollars were worth as silver one dollar an ounce, and were paid for in standard silver dollars at an advance of one per cent.—*i. e.*, at 101 cents per oz. Then we should have the singular spectacle of a Government dishonoring its coin and buying the dishonored piece with a lighter piece of the same metal—that is, giving about 365 grains and getting 420 grains, or making a

445 Sixth St., Brooklyn, N. Y.
18 December, 1883.

To the President,

CHESTER A. ARTHUR,
Washington, D. C.

It is gratifying that in the recent official accounts of the trade dollar few of the old errors reappear. However, Secretary Folger in his report (p. xiii.) makes a mistake about the first dollars coined by the United States. His argument, when corrected in this respect, establishes the conclusion, reached in my letter to the *Evening Post* (July 6, 1883) that under the Act of 1878 the President has ample authority to order the receipt of trade dollars at the Treasury, and their exchange for certificates, the same as standard silver dollars.

After learning the Treasury's excuses for repudiating trade dollars, I took in my letter to the Secretary (Oct. 13, 1883) the broader ground of the people's right to pay the Treasury in its own coin. This right the Treasury Department ignores. It is not mentioned in the Finance Report. Surely the people are entitled to an answer to the simple question

profit of about 15 per cent. Why should the public Treasury be permitted to make any profit out of the misfortune of those whom it has deceived and betrayed? It can redeem trade dollars with standard silver dollars, dollar for dollar, and yet make a slight profit, which is all the profit it should be allowed to make.

I have asked the Secretary of the Treasury, and now ask you, Mr. President:—Have we, or have we not, in your opinion, a right to pay our Treasury in its own coin?

In regard to the statement in your message to Congress that the trade dollar “never had a legal tender quality,” I know not what to say or think.

Plain people know already that “the Government ought to take its own coin anyhow,” as a lady said recently. And I wish to be understood as protesting in the strongest terms, not discourteous, against every denial of our right to pay the Treasury in trade-dollars.

Compare Secretary Folger’s letter to me, of July 19, 1883, with his annual report of December 3, 1883, and a revolution in the ideas of the Treasury Department concerning the trade dollar is apparent. The Honorable Secretary considers but few of the points I have raised. If it is thought I have not presented the other and more decisive issues with sufficient explanation and clearness, I would willingly go to Washington again to learn what is deemed lacking in my defense of the popular right, and try to supply deficiencies.

Very respectfully,

JAMES C. HALLOCK, JR.

THE TRADE DOLLAR.

ITS LEGISLATIVE HISTORY—AN ARGUMENT IN FAVOR
OF ITS ACCEPTANCE BY THE UNITED STATES
TREASURY.

TO THE EDITOR OF THE EVENING POST:

SIR:—What is the right thing to do with trade dollars? A fall in their current value to 85 cents means, estimating the quantity in circulation at \$10,-000,000, a loss of \$1,500,000; estimating those in this country at \$20,000,000, a loss of \$3,000,000.¹ President Arthur has ample authority to order their receipt at the Treasury the same as standard silver dollars, thus keeping their current value at par, and preventing a loss to innocent holders of from \$1,000,-000 to \$3,000,000. Thoughtless persons say there are no innocent holders (p. 53). Let us see.

A School Girl,

after buying a ribbon at a store, and receiving a trade dollar in change, is refused stamps by the postmaster when she offers it in payment; she can-

¹ These figures were taken for convenience of illustration. The quantity of trade dollars, actually in the country, is unknown. It was estimated to be about 5,000,000 in the Mint Report of 1878 (p. 12); nearly 9,000,000 in the Mint Report of 1879 (p. 131); "probably from five to seven millions" in the Mint Report of 1883 (p. 17); and "but from five to eight millions" in the Finance Report of 1883 (p. xiii.), where the subject is discussed at length (p. 124).

not enter a ferry-house or take the elevated railway if she has nothing else; and if she has entered a street car the conductor makes her get out when he finds it is all she has. She wonders if it is not a United States coin, as it plainly purports to be in so many words. "Is there too much silver in it? Is it too heavy? Too little might make it bad, but how can there be too much silver in it? What is the matter with it, any way?" The enemy of our country points with derision at the words "Liberty" and "E Pluribus Unum." The skeptic sneers at the motto, "In God we trust,"¹ and advises the citizen who cannot pass the coin for more than 90 cents, at all events not to trust in the United States.

Meaning of "Like Weight and Fineness."

The Act of February 28th, 1878, provides "that there shall be coined, at the several mints of the United States, silver dollars of the weight of $412\frac{1}{2}$ grains Troy of standard silver, as provided in the Act of January 18th, 1837, on which shall be the devices and superscriptions provided by said act; which, *together with all silver dollars heretofore coined by the United States of like weight and fineness*, shall be a legal tender, etc." The expression "like weight and fineness" is similar to that of length and breadth in describing a superficial area; and in the case of the standard silver dollar it means not less than $371\frac{1}{4}$ grains of pure silver—that is, $\frac{9}{10}$

¹ A Chinese merchant to whom I showed a trade dollar was completely mystified by these words. He asked me seriously, "If the coin is good, why you trust God?"

of $412\frac{1}{2}$. The fineness is always a fraction. The trade dollar is stamped "420 grains 900 fine," meaning that it contains $\frac{900}{1000}$ of 420 grains in pure silver—that is, 378 grains, or $6\frac{3}{4}$ grains more than is required in any United States dollar to make it a full legal tender.

The Greater Includes the Less.

"The silver coins of the United States," says the Act of February 12th, 1873, "shall be a trade dollar, a half-dollar," etc.; therefore, the trade dollar is a dollar of the United States. The same act says: "that upon the coins of the United States there shall be the following devices and legends,"¹ every one of which will be found upon the trade dollar. The trade dollars were all coined before February 22, 1878,² and

¹ "Upon one side there shall be an impression emblematic of liberty, with an inscription of the word 'Liberty' and the year of the coinage, and upon the reverse shall be the figure or representation of an eagle, with the inscriptions 'United States of America' and 'E Pluribus Unum,' and a designation of the value of the coin; but on the gold dollar and three-dollar piece, the dime, five, three and one-cent pieces the figure of the eagle shall be omitted; and on the reverse of the silver trade dollar the weight and the fineness of the coin shall be inscribed; and the Director of the Mint, with the approval of the Secretary of the Treasury, may cause the motto 'In God we trust' to be inscribed upon such coins as shall admit of such motto; and any one of the foregoing inscriptions may be on the rim of the gold and silver coins." Act of February 12, 1873, Sec. 18.

² This is not correct, for at least 1,695,819 trade dollars were coined afterwards, their regular coinage continuing until May, 1878. Numerous specimen pieces have been struck since. I was misled by a hasty reference to the following statement in the Mint Report of 1878, p. 11: "On February 22, 1878, an order was issued for the final discontinuance of the receipt of deposits for returns in trade dollars at the Western Mints" (p. 83).

therefore, upon the passage of the Act of February 28th, 1878, were "silver dollars heretofore coined by the United States."¹ They are of the same fineness (900) as the standard silver dollar, but of superior weight. In these matters the greater always includes the less. The trade dollar may be regarded as a standard silver dollar in a silver frame. The excess of $7\frac{1}{2}$ grains standard silver is "good measure," sufficient to pay for recoinage. The holder does not ask to have the trade dollar received at the Treasury for more than a standard silver dollar; the Treasury may keep the excess. He only asks that the heavier be received as well as the lighter piece; and in making this reasonable demand he is supported by good ususage and the uniform practice of the United States prior to 1873.

Four Kinds of American Silver Dollar.

Upon reviewing our coinage laws it will be seen that the United States have, from time to time, adopted various silver dollars as their own, and coined four kinds.

The First Coinage Act.

1. For a century before the foundation of our Government the Spanish milled dollar had been a cur-

¹ The 1,343,400 trade dollars, coined after February 28, 1878, were of course not "silver dollars heretofore coined by the United States;" but the rest of the trade dollars—over 34,600,000 of them—were. While writing this letter I did not know what I have since learned that some trade dollars were coined after the passage of the Act of February 28, 1878, and side by side with standard silver dollars (p. 89).

rent coin in the Colonies and States. Alexander Hamilton, the first Secretary of the Treasury, reported to Congress in 1791 that the Spanish milled dollar "has never had any settled or standard value according to its weight or fineness, but has been permitted to circulate by tale, without regard to either, very much as a mere money of convenience." He found the average weight of those then in circulation to be 416 grains, and the pure silver "something between 368 and 374 grains." Acting upon these advices Congress passed the law of April 2, 1792, establishing a mint and regulating the coins of the United States, the dollars "each to be of the value of a Spanish milled dollar as the same is now current, and to contain $37\frac{1}{4}$ grains of pure or 416 grains of standard silver."

Spanish Milled Dollars Naturalized.

2. Before the American coinage was begun, the Act of February 9, 1793, which remained in force many years, permitted the Treasury to receive "Spanish milled dollars at the rate of 100 cents for each dollar, the actual weight whereof shall not be less than 17 pennyweights 7 grains" (that is, 415 grains). Thus a foreign coin of variable weight and purity was adopted and naturalized as an American piece; and for more than half a century it was received and paid by law like United States coin.¹

First Kind Illegally Coined.

3. The purity of our silver coins is now nine parts

¹ Until February 21, 1857.

of silver to one of copper; that is 900 fine. But Congress in 1792, by making the weight of the dollar 416 grains and the silver in it $371\frac{1}{4}$ grains, made its fineness 892+; that is, 1,485 parts of silver to 179 parts of copper. This mixture was so undesirable that the first coiner changed it to 900 without authority of Congress.¹ He coined his pieces of the

¹ This alteration in the fineness of silver coin, by the Executive Department, without the consent of Congress, is fully explained in the first volume on finance of the American State Papers—an official work with which the Treasury is presumed to be acquainted. However, as we shall see (p. -), when Secretary Folger undertakes in the Finance Report for 1883 to escape the conclusion reached in this letter, he overlooks this very important point and unconsciously proves what he sets out to disprove.

In 1795 David Rittenhouse, the first Director of the Mint, was succeeded by Henry Wm. De Saussure who, in his report to President Washington, October 27, 1795, wrote: "It is important to inform you of what I have before mentioned to the heads of Departments above named (late Secretary of State—Thomas Jefferson—and present Secretary of the Treasury—Oliver Wolcott, Jr.), that the standard of the silver coin, in use at the mint, differs from the standard fixed by law. The law establishing the mint fixes that the silver coinage should contain 1,485 parts of fine silver to 179 parts of alloy (*i. e.*, 892.4 fine).

"Before my operations commenced under this law, it was supposed by the best informed men that the standard was too low; would debase the coin too much; and was inconvenient in other respects: and it was presumed that an alteration would be made, which was recommended by its propriety and correctness. The alteration contemplated went to the establishment of a standard, which required that nine parts in ten should be fine silver, the other tenth alloy. Upon the presumption of such an alteration, I understand the coinage was commenced in October, 1794, and the matter was submitted in the winter to a committee of Congress, who reported on the propriety of the alteration. By some means, that part of the report on the mint, which related to the standard, after

legal weight, 416 grains, putting into each $374\frac{4}{10}$ grains of silver. Consequently every one of the first American dollars coined in 1794 and 1795 to the amount of 204,000 contained $3\frac{15}{100}$ grains of silver too much. When Elias Boudinot took charge of the mint in 1795 he put an end to this illegal coinage.¹ On application Congress refused to recog-

passing one branch of the Legislature, did not pass the other. Still, however, the coinage was continued on the principle it was commenced. It being represented to me, when, soon after my coming into office, I observed the fact, that some mistake alone had prevented the change by the Legislature, I did not feel myself qualified to alter the standard which I found in use in the mint, under the weighty sanctions of Mr. Rittenhouse's authority, and the report of a committee of the Legislature. I am thus particular in stating this business, as it is of high importance that the law should be altered, or that the standard should be accommodated to the law." (*Am. State Papers, 1 Finance*, 357.)

The above mentioned report of a committee was made to the House of Representatives, February 9, 1795, by Elias Boudinot, then Member of Congress from New Jersey. This report says: "Your committee further find, that the standard of silver directed by law, in the opinion of the officers of the mint, contains too great an alloy, and will expose the coin to wear black; and therefore, that the alloy should be reduced * * *

"Resolved, That the standard for silver coin, as now established by law, be altered, and made to consist of nine equal ten parts of pure silver, and one-tenth part of pure copper." (*1 Finance*, 352-5.)

¹ He says in his report, December 3, 1795: "It has been the opinion of former officers of the mint that the legal standard of silver should be reconsidered; and the Director, on coming into office, found, that, for some special reasons, the standard of coins, heretofore completed, varied, in a small degree, from that established by law. Whatever force these reasons may have with the Legislature, the Director did not think himself justifiable in permitting so important a measure to be continued, without legislative sanction; he has, therefore, issued orders, that, in future, the pre-

nize the least difference between these purer dollars—our first kind—and those subsequently coined.¹

The Minimum of Pure Silver.

4. By the Act of June 25, 1834, it was enacted: "From and after the passage of this act the following silver coins shall be of the legal value, and shall pass current as money within the United States, by tale, for the payment of all debts and demands, at the rate of 100 cents the dollar; that is to say, the dollars of Mexico, Peru, Chili, and Central America, of not less weight than 415 grains each, and those

cise terms of the act of Congress, in this respect, should be observed; but as the coinage is, at present, in a state of suspense, it may be a proper time to review the alloy directed by law, as the alteration, if found necessary, could now be adopted, without injury to any one." (1 *Finance*, 357-8.) Had these coins been debased or made worse as to the proportion of fine silver therein contained, or of less weight or value than the same ought to be, "through the default or with the connivance of any of the officers or persons who shall be employed at the said mint, for the purpose of profit or gain, or otherwise with fraudulent intent," every such officer or person would have been deemed guilty of felony (Act of April 2, 1792). And, the law says, he "shall suffer death." It was a capital offence to put in too little silver. It was no crime to put in too much. This distinction is not to be forgotten. Taking the most kindly view of trade dollars, it was a mistake, partly of Congress, partly of the Treasury, to coin them, if not altogether, at least in excess of the real export demand. But having coined them or permitted their coinage, the Treasury and Congress however displeased with their own doings, cannot now discard the pieces because they are too heavy. The Treasury has no right to refuse its coin on any pretext; and least of all on account of an excess of pure metal.

¹ Foster's Report, May 19, 1798. 1 *Finance* 588.

restamped in Brazil of the like weight, of not less fineness than 10 ounces 15 pennyweights of pure silver in the Troy pound of 12 ounces of standard silver.”¹ Here a minimum quantity of pure silver is named—about the same as in a standard silver dollar. It is the custom of centuries to name the minimum of pure silver that entitles the piece to be classed with others that are current. All above that quantity are, of course, included, because the greater includes the less. In the dollars of the United States the minimum is $371\frac{1}{4}$ grains of pure silver.²

Second and Third Kinds.

5. The second kind of dollars, coined by the United States from 1796 to 1837, were of the then legal weight (416 grains) and fineness (892+). By the Act of January 18, 1837, a third kind was authorized to be coined; both the weight and fineness were changed by reducing the copper $3\frac{1}{2}$ grains, lowering the weight to $412\frac{1}{2}$ grains, and raising the fineness to 900, the silver ($371\frac{1}{4}$ grains) remaining the same. The difference of $3\frac{1}{2}$ grains of copper between the second and third kinds has always been regarded as of no consequence. The one is as much a dollar of the United States as the other.³

¹ See the various Acts of Congress, regulating the value of foreign coin, as the acts of February 9, 1793; April 29, 1816; March 3, 1843.

² Owing to the legal deviations in the weight and fineness of our silver dollars, the minimum is really somewhat less (p. 71).

³ Act of January 18, 1837, Sec. 11, says: “The silver coins heretofore issued at the mint of the United States . . . shall continue to be legal tenders of payment for their nominal values, on the same terms as if they were of the coinage provided for by this act.”

Fourth Kind—The Trade Dollar.

6. For nearly forty years before 1873 the silver dollar was at a premium in gold,¹ and upon the revision of the coinage laws in 1873 Congress decided to discontinue the coinage of a piece that had long been too valuable to circulate with the gold dollar, and authorized to be coined a fourth kind of United States dollar—the trade dollar—of increased weight (420 grains), without change in the fineness (900), the new piece being worth more than the old, and much more than a gold dollar. Although intended for shipment to China and the East, nothing is said in the law of February 12, 1873, about its being exported; on the contrary, like the halves, quarters and dimes, the trade dollars were made “a legal tender at their nominal value for any amount not

¹ For many years before 1834 the gold eagle was worth more than ten silver dollars. The Act of June 28, 1834, reduced the weight of the eagle from 270 to 258 grains, and the other gold coins in proportion; it also reduced the fineness from eleven-twelfths to about nine-tenths; and declared “That all gold coins of the United States, minted anterior to the 31st day of July next, shall be receivable in all payments at the rate of 94 and $\frac{8}{10}$ of a cent per penny-weight” (that is, 106.65 cents per dollar). In 1837 the gold coin was slightly changed to make it exactly nine-tenths fine. Compared with this light gold coin the silver dollar was at a premium from 1834 to 1873, the highest monthly average being in July, 1859, when the silver dollar was worth \$1.05 $\frac{3}{4}$ (Mint Report, 1876, p. 47). Any gold eagle coined before July 31, 1834, was legal tender for \$10.66 $\frac{1}{2}$; whereas ten silver dollars were worth at their highest point, in 1859, but \$10.57 $\frac{1}{2}$, or 9 cents less than the old gold piece. Had not the gold coins been made lighter as was done in 1834, the silver dollars would never have been at a premium; all our gold pieces would have been constantly at a premium in silver, and not one would have come into circulation from that day to this.

exceeding \$5 in any one payment," and this implied that they might come into domestic circulation, as they did.

7. In that same year, 1873, began the remarkable change in the relative values of gold and silver, by which the silver in the trade dollar, at first worth more than a gold dollar, soon became of much less value. A large profit could now be made by all who, depositing silver at the mints for coinage into trade dollars, passed them into circulation at par instead of exporting them at the value of the metal. To prevent this, Congress resolved, July 22, 1876, "that the trade dollar shall not hereafter be a legal tender, and the Secretary of the Treasury is hereby authorized to limit, from time to time, the coinage thereof to such an amount as he may deem sufficient to meet the export demand for the same." Nevertheless, the coinage of this fourth kind of United States silver dollar was not discontinued until February 22, 1878.¹

Third Kind Restored.

On the 28th of February, 1878, the coinage of the third kind was re-enacted. We thus see that the trade dollar was coined during the entire period from 1873 to 1878, when no other silver dollar was coined.² Until July 22, 1876, the trade dollar was issued as a legal tender; and if afterward it became

¹ Not discontinued until May, 1878. Specimen pieces coined afterwards (p. 124).

² In March, April and May, 1878, standard silver dollars were also coined.

an illegal piece¹ it still was the Treasury that coined and issued it, and the United States are none the less responsible for it.

Dollars of 371½ grains. Pure Silver.

8. By the Act of February 28, 1878, Congress provided for a continuous monthly coinage of the third kind of a standard silver dollar,² and made all silver dollars of the United States of like weight and fineness "a legal tender at their nominal value for all debts and dues, public and private, except where otherwise expressly stipulated in the contract." It will not be denied that this act restored the legal tender character (if they ever lost it) to all the silver dollars coined by the United States before 1873;³ but if "like weight and fineness" be held to mean containing not less than 371½ grains of pure

¹ The only trade dollars that might be properly styled illegal, were the last few millions coined and issued when the then Secretary of the Treasury knew they ought not to have been (p. 34, *note 2*).

² The title of the act is "To authorize the coinage of the standard silver dollar, and to restore its legal tender character."

It was not the first or the second but the third kind which was authorized to be coined.

³ Secretary Folger admits that the phrase "of like weight and fineness" takes in all the silver dollars issued by the United States before the trade dollars (Finance Report, 1883, p. xiii.). Three kinds were issued previously. The first kind, like the trade dollar or fourth kind, contained an excess of silver, the second kind an excess of copper, over the quantities of silver and copper in the third kind, which was the same in contents as the standard silver dollar coined since 1878. To take in the first and second kinds the rule must be that the excess makes no essential difference. This rule, applied to the trade dollar, places it on the same footing with the rest of the dollars.

silver, as it must in order to apply to the first kind, which also contained too much silver, and to the second kind, which contained an excess of copper, then the trade dollar also became an unlimited legal tender, and should be received by the Treasury the same as the standard silver dollar, because it, too, contained more than $371\frac{1}{4}$ grains of pure silver (p. 117).

All Acts Inconsistent Repealed.

9. The Act of February 28, 1878, repealed all acts and parts of acts inconsistent with its provisions. Consequently, if it be held, as it should be, that this act made the trade dollar a legal tender in the same sense as the standard silver dollar, so much of the joint resolution of July 22, 1876, as provided that "the trade dollar shall not hereafter be a legal tender" was repealed.

Private Understandings No Bar.

10. In 1878 the late Director of the Mint, remarking that some of the trade dollars "were manufactured for depositors with the distinct understanding that they were to be exported and not placed in domestic circulation," concluded that "the Government, having received nothing whatever for executing these coins, except the actual expense of coinage, is in no degree responsible for their redemption." What have innocent third parties to do with the private understanding between depositors and the Treasury? The citizen is supposed to know the law, which says nothing about these private understandings.

Is the Law of 1878 Controlling?

Undoubtedly the law of February 28, 1878, applies to the three categories of dollars: (1) Those coined in 1794 and 1795; (2) those coined from 1796 to 1837; and (3) those coined 1837 to 1873. The first was of greater weight and like fineness, the second of greater weight and less fineness, than the standard silver dollar; only the third was literally of like weight and fineness with it. It follows that "like weight and fineness," to bring them within the operation of the law, must mean containing not less than $371\frac{1}{4}$ grains of pure silver. According to this—the only rational definition—we cannot resist the conclusion that the trade dollar became an unlimited legal tender like the rest.

Superiority of the Trade Dollar.

If we compare the trade dollar with the other dollars, we find it superior to all in weight and fine contents, superior to the old Spanish milled dollar in general uniformity of weight and fineness, superior to the first of our dollars in honesty, being legally coined and truthfully stamped with its weight and fineness—in this respect superior to every one of our coins; superior to the second kind of United States dollars in being $\frac{9}{10}$ fine instead of $\frac{1485}{1664}$ fine, and certainly the equal of any in workmanship and general appearance.

The House Votes to Retire Trade Dollars.

In the last Congress the House of Representatives passed (June 19, 1882) a bill for the retirement of

trade dollars and their recoinage into standard silver dollars, providing that "the trade dollars so received shall be regarded as silver bullion, and shall be deemed a part of the monthly purchase of bullion, as required by the act of February 28, 1878." If ten million trade dollars had been at once retired under this law, the weekly purchases of 500,000 ounces of silver would have been suspended for five months; with twenty millions returned, the Treasury would not have purchased an ounce of silver for ten months.¹ Those who think the price of silver depends on these Government purchases, and that the price would fall alarmingly were they discontinued, defeated the bill in the Senate.² The advocates of the present Silver Law, with its compulsory coinage of millions monthly, feel that they have a wolf by the ears and are afraid to let go. Is it not strange that with one hand the Treasury pushes back the trade dollars, and with the other buys more silver for the express purpose of every month coining 2,300,000 silver dollars of less weight, these only to be added to an idle heap already amounting to much more than one hundred mil-

¹ I repeat, these figures were used only for convenient illustration. No one knows how many trade dollars would be presented for redemption under such a law. The quantity to be redeemed has nothing to do with the principle involved.

² This year (1884) the House of Representatives, by a large majority (198 to 46) passed another bill to redeem trade dollars without interfering with the purchase of silver. Under this act they would be received simply as United States coin, and not as part of the monthly purchase of silver, as proposed in the last Congress. The Senate hesitates this year as it did last.

lions? Last winter I asked a silver man, "How long do you desire this monthly coinage to be continued?" "*Ad infinitum,*" was his reply. For ten or twenty years, or at least so long as American citizens will tolerate it, this enormous coinage will be increased every month. Its insatiable supporters demand five hundred millions more. Every one of the (nearly) one hundred and fifty million silver dollars coined since February, 1878, when the coinage of the trade dollar was discontinued,¹ is a proof that the United States consider $371\frac{1}{4}$ grains of pure or $412\frac{1}{2}$ grains of standard silver sufficient for their dollar. Then, in sound reason and equity, what ground is there for refusing the trade dollar with its 378 grains of pure or 420 grains of standard silver?

Whoever deems the trade dollar a sort of foreign coin, let him consider what was done with the Spanish milled dollar both before and after the United States began coining. Whoever complains that it is irregular, let him bear in mind the first dollars of the United States, which were made purer than the law allowed. Whoever concedes that, at any rate, it is a dollar of the United States, let him compare it with their other dollars. Whoever denies that it is an American dollar, let him count the thirteen stars on it and observe the arrows and olive branches in the talons of the American eagle.

¹ Not discontinued until May, 1878. The coinage of proof pieces goes on.

What the President can do.

In conclusion: The President of the United States has ample authority to relieve us immediately of inconvenience and loss (amounting, perhaps, to one or more million dollars) by directing the Treasurer and Assistant Treasurers of the United States to receive the trade dollars the same as the standard silver dollars, and, when so requested, to exchange them for silver certificates, according to law.

JAMES C. HALLOCK, JR.

New York, July 2, 1883.

445 SIXTH ST., BROOKLYN, N. Y.,
18th December, 1883.

HON. CHAS. J. FOLGER,
Secretary of the Treasury,
Washington, D. C.:

DEAR SIR—Under your guidance the Treasury Department has taken the first step in the right direction as to trade dollars. *C'est le premier pas qui coûte.*

You decide that in the Act of 1878 “the phrase ‘of like weight and fineness’ may properly be said to take in only silver dollars issued under the Acts of 1792 and 1837.” You add, they contained exactly the same amount of silver as the dollar authorized by the Act of 1878. This is true of all those dollars except 204,000 coined in 1794 and 1795, which contained more silver (see Boudinot’s Report, February 9, 1795; Pickering’s Report, December 14, 1795; Foster’s Report, May 19, 1798, in American State Papers—1 Finance, 352, 356, 588). These first dollars of 416 grains, 900 fine, and the trade dollars of 420 grains, 900 fine, stand in the same relation to the dollars of $412\frac{1}{2}$ grains, 900 fine. Of the three kinds of dollars heavier than the standard silver dollar, the trade dollar and the first dollar of 416 grains contained an excess of silver. In the other dollars of 416 grains (being 892.4 fine) the excess was all copper, just $3\frac{1}{2}$ grains. Shall a piece containing too

much copper be included, and a piece containing too much silver be excluded? Shall a dollar of the required fineness (900) but weighing $3\frac{1}{2}$ grains too much be included, and another dollar, 900 fine, weighing still more— $7\frac{1}{2}$ grains too much—be excluded? You have gone, Mr. Secretary, too far in the right path to turn and escape the logical conclusion that the phrase “of like weight and fineness” in the Act of 1878 takes in the trade dollar as well as all the rest of American dollars.

Very respectfully,

JAMES C. HALLOCK, JR.

FROM THE FINANCE REPORT,

DECEMBER 3, 1883.

By CHARLES J. FOLGER, Secretary of the Treasury.

THE TRADE DOLLAR.

“Here I may speak of ‘*the trade dollar*,’ the debased coin¹ to which attention has been drawn by public clamor and discussion. Doubtless the legislative purpose in creating it, was to make a piece of money that would find favor with Asiatic people, and not one for use at home. That purpose was

¹ It is no more of a debased coin than any one of our silver coins. It contains more silver to the dollar than any other piece ever coined by the United States. Remember, it weighs $7\frac{1}{2}$ grains more than the standard silver dollar, and $34\frac{2}{10}$ grains more than two half-dollars.

not made known, however, by the letter of the law under which it issued from the Mint. The Act of 1873, under which the coinage of it began, has these words: ‘The silver coins of the United States shall be a trade dollar; a half dollar, or fifty-cent piece; a quarter dollar, or twenty-five-cent piece; a dime, or ten-cent piece.’ The act further declares that the relative proportion of pure metal and alloy in the trade dollar, and the devices and legends upon it, shall be the same as those of the other coins of the United States. That act, and a later one of 1877, made it a crime to counterfeit any of our coins, and, as the trade dollar was declared to be a coin, made it a crime to counterfeit it. The Act of 1873 made the silver coins of the United States, and hence the trade dollars, a legal tender at their nominal value for any amount not over \$5. Thus the reading of the laws taught the people that the trade dollar was a coin of their sovereignty, and for the redemption of which, at an unabated value, their Government was bound. The real legislative purpose is to be blindly sought for in tradition or in the record of Congressional discussion, and is indicated in the joint resolution of 1876, which took away from this coin the legal-tender quality of it, and held down the coinage of it to the call for it for exportation. It is plain that a busy people, finding this coin afloat in the channels of business, styled a coin of the United States, would readily believe that it was an authentic issue of the Government, and to be redeemed by the Government, the same as other

money put out by it.¹ From time to time, however, as it suits scheming men and the occasion fits, a hue and cry is raised against it, it is discredited in

¹ This view is the proper one to take, and to show what progress the Treasury has made since 1878, let us compare it with the view expressed by Secretary Sherman in the Finance Report of that year (pp. xxii., xxiii.):

“ During the year 1877 and the first few months of the present year (1878), trade dollars, to the amount probably of four million pieces, were placed in circulation in the States east of the Rocky Mountains, with a full knowledge on the part of the parties engaged in the business that the coin was not a legal tender. [It is not too much to say that the Secretary himself was also engaged in the business, for without his co-operation it would have been impossible (see p. 33)].

“ This coin is in no sense money of the United States which the Government is bound to redeem or care for. The Government stamp upon it is to certify to its weight and fineness for the convenience of dealers in silver bullion. It is precisely like any other silver bullion assayed at any assay office or mint. The limited legal tender quality originally given to it was taken away before any of the coins were put into domestic circulation [Was not that legal-tender quality taken away, as Mr. Sherman himself said in the Senate, June 21, 1876, ‘to relieve a condition of embarrassment in California,’ where, it was then reported, some two million trade dollars were in circulation?], and it should not now be given any value or attribute at the expense of the public that is not incident to any other silver bullion. The Government has received no benefit from this coinage, and has neither received nor paid it out. The whole connection of the Government with this bullion was to perform the mechanical work of assaying and dividing it into convenient form for the merchant, at his cost, and for his benefit, for exportation only.”

For the most part this is a repetition of the errors, published in the Department letter of September 3, 1878, signed by Secretary Sherman; a letter the true character of which I have exposed in my notes to it (see pp. 27-37), and my letters to President Arthur (pp. 38, 43).

the marts,¹ and unwary holders suffer loss or inconvenience.

His Decisions.

"As it is a coin of the United States, having the image and superscription thereof, sanctioned as such by penalties upon the counterfeiting of it, and once dignified as a legal tender in payment of debts and dues, it should be restored to its first state, or called in at its nominal value and melted. In the judgment of this Department it should be thus called in and melted. And why not? First—It has been claimed officially that it did not go into home circulation until after the passage of the joint resolution above spoken of whereby the legal-tender quality of it was taken from it.² Hence, it is said, it is no duty to our people to redeem it at more than the value of it as silver bullion. Secondly: On the other hand, it is asserted that the Act of 1878 gave back to it the legal-tender quality. That act declares that "there shall be coined . . . silver dollars . . . of four hundred and twelve and one-half grains . . . which, with all silver dollars heretofore coined . . . of *like weight and fineness*, . . . shall be a legal tender

¹ Last summer (June, 1883) these "scheming men" were the best merchants of New York, who, obtaining no redress from Congress, took the matter in their own hands simply to protect themselves against undeserved loss.

² Shortly before the passage of the joint resolution in 1876, Hon. S. S. Cox said, in the House of Representatives, that 2,000,000 trade dollars were then in circulation. It was a mere conjecture of the mint officials. There may have been twice that quantity.

. . . ." As the trade dollar is greater in weight and as great in fineness as the silver dollar thus authorized, and as the greater includes the less, it is argued that the phrase "of like weight and fineness" takes in the trade dollar, makes it again a legal tender for debts and dues, and that there needs but a declaration thereof by this Department to put it in the same rank and acceptability as the standard silver dollar, and so there is no need of redeeming it. The first of these contentions is too technical and close for use in dealing with so practical a matter,¹ and one in which the prime action and continued silent sufferance of the Government has been so misleading. The second of these contentions is not well founded. The phrase "of like weight and fineness" may properly be said to take in only silver dollars issued under the Acts of 1792 and 1837. They contained exactly the same amount of pure metal as the dollar authorized by the Act of 1878,²

¹ So long as the Treasury falsely and audaciously asserted that the United States Treasury was not responsible for the trade dollar, at least it had a pretext for refusing the piece; but the moment that bubble is burst and the Treasury confesses the truth, as Secretary Folger does, that it is responsible, then we must answer the Secretary in his own words, that any further contention on his part must of necessity be "too technical and close for use in dealing with so practical a matter."

² This is not correct. There were three kinds of silver dollars coined under those acts (p. 104-8). What he says applies to only the second and third kinds. These two kinds did not contain "exactly" the same amount of silver as the dollar now coined; but each of them contained so nearly $371\frac{1}{4}$ grs. of pure silver that the differences are not to be regarded. As we have seen, no two coins are *exactly* alike (p. 71). Will the Secretary deny that the first dollars of the

and had no distinctive name, such as the trade dollar.¹ This Department has been and still is of the opinion that a correct legal interpretation of that act, in connection with the joint resolution of 1876, denies to the trade dollar a legal-tender quality.²

United States—those coined in 1794 and 1795—contained more silver than standard silver dollars? To remove all doubt, I have reproduced (*notes*, pp. 105-7) the official statements of two Directors of the Mint, relating the fact and describing the circumstances. To include these first dollars (and he does not propose to exclude them) the Secretary must make the rule that an excess of silver is no disadvantage, no ground for exclusion. If he considers the matter at all, he is forced to this position. And with that rule established in this case, can he refuse to apply it to trade dollars? The rule that the greater includes the less is very ancient; it is universal. Is he to be allowed to apply it where he likes and abandon it when it suits him? Or because he happens to overlook what took place and was duly recorded ninety years ago, are we to permit him to draw his conclusion as if no such thing ever occurred (see pp. 104-7)?

¹ This reference to the name "trade dollar" as an additional reason for the exclusion of that piece from the category of United States silver dollars is unfair. I have shown (p. 28) that the word "trade" on this dollar is of no such importance as to furnish an excuse for disregarding a rule that never should be broken. What significance Secretary Folger attaches to this word he nowhere tells us. It is true, in the letter he signed and sent to me July 19, 1883, "the name given to the coin by the coinage act of 1873" is mentioned as a reason for its refusal. But the Secretary did not prepare that letter, and should be held no more responsible for it (as an expression of individual opinion) than a king who in a hurry, without looking at it, signs a death-warrant.

² In 1881 this same department decided that it might refuse United States gold coin. And the President of a New York bank can tell how the Treasury actually refused the gold he offered. The Attorney-General decided against it then, and probably would now, if the matter was properly submitted to his office.

How Many Trade Dollars to Redeem.

"It is possible to make an estimate of the amount that would come to the Treasury for redemption if authority were given therefor. The whole issue of the coin has been \$35,960,446.¹ Some of that has disappeared in manufactured articles; it is estimated from one to two millions. It is calculated that five-sixths thereof went abroad in the beginning, and it is believed that but a small part of that has come back, and that there is now held by our people but from five to eight millions. Of that which remained abroad, there is good authority for saying that much of it found its way from China to India, and into the melting pot at the mint in Calcutta, and has been there cast into coin of that country. The over-weight and value of the trade dollar by the side of the Mexican and Spanish dollar, with which it was co-current in China, brought much of it to the crucible there. It is understood in business circles, that in China silver coin is used by weight and not

¹ This is 1,086 more than the Mint, from 1878 to 1883 inclusive, has reported to be the total issue, namely 35,959,360. The Mint Report of 1880 (p. 37), reports, besides "proof sets sold," 872 "trade dollars (sold singly)" for \$1,090, that is, 102½ cents apiece. These were proof pieces to supply numismatists and coin collectors. The Director of the Mint thinks, "it is not probable that any of these pieces will ever be presented for redemption as they are held by the owners at a price beyond their nominal or face value." Does the Secretary of the Treasury include these specimen pieces in his statement? He certainly has not included all of them. While all this talk about refusing trade dollars is going on, the Mint coins them and sells them as specimens of our coinage. Was ever Governmental hypocrisy carried further?

by count, save in a few ports, where Mexican dollars and a few other coins are taken by tale. It is the practice of Chinese bankers, so it is reported, to stamp with their own mark the coin which they take and pay out. The coin thus defaced soon comes to the state and repute of bullion, and the presumption is that our trade dollars have, many of them, been so treated and so suffered.

‘Bear in mind, too, that from time to time for some years past, until of a comparatively late date, there has been inducement to reship this coin from China hither, because it has been free in circulation in most parts of the land, and for most of the time at a par with gold and silver money. There is reason to believe, then, that besides the sum of it in the hands of our own people, an embarrassing amount will not come upon us from abroad.

A Rejected Plan.

A thorough and effective redemption of it can be brought about in this way: Let authority be given by Congress to the Treasury Department to barter for trade dollars, at their nominal value, standard dollars at their nominal value, and melting the trade dollars to recoin them into standard silver dollars, counting the trade dollars got in this way as a part of the silver bullion which the Act of 1878 empowers and directs to be bought and coined monthly.¹

¹This was the plan set forth in the bill which passed the House of Representatives June 19, 1882, but failed to pass the Senate (p. 12).

In a pamphlet which I published, November, 1882, with the title “Stop the Coinage of Silver Dollars,” I said:

Should the trade dollars have been so abraded in use as to have lost a material part of their original weight, which is not much to be apprehended, a deduction might be made from the price, and fractional payments made in subsidiary and minor silver coin.

"The ultimatum should be, no more silver shall be purchased for this coinage.

THE ONLY PRUDENT CONCESSION

that can be thought of, and it could only be made to repair another blunder in our coinage, is the receipt of trade dollars at the public offices, which, when so paid in, should be melted and coined into standard silver dollars, and as the trade dollar contains $7\frac{1}{2}$ grains more standard silver than the standard silver dollar, it could be done without loss. It would be very desirable to remove the taint of repudiation that attaches to the refusal by public officials of these trade dollars, once a legal tender not exceeding \$5 in one payment. What is coined by the United States as (to all appearance) a United States coin, should never be refused by the United States. The American people (as it were, by a popular vote) have, being obliged thereto by its presence, placed the trade dollar in their retail dealings, as much as practicable, alongside of the other silver dollar; but the maker casts out the former piece utterly. If our Government may refuse the trade dollar, has it a right to refuse at pleasure the other silver dollar, the gold dollar or the paper dollar? Coinage becomes at once too complicated a subject when, by subtle distinctions, you attempt to justify the repudiation of the trade dollar without impairing the obligation our Government is under—an obligation implied in the very act of coinage—to keep all its coins good, honor them on all occasions, and (upon the request of the holder) remove from circulation such as are no longer useful. If those who support the silver law of 1878 on high grounds of statecraft can be persuaded by this concession, it would be good policy, could do no harm, and at the same time dispose of the trade dollar, which cannot always be neglected. Those pieces should not be made again a legal tender. [I did not know until January, 1883, when I carefully analyzed the law of 1878, that it made the trade dollar as much

Setting a Bound to the Time.

"The agitation of this matter has led out some objections to the redemption above suggested. As the standard silver dollar, because of its unlimited legal tender quality, is equal in its faculty of domestic purchase to the gold dollar, and to the Treasury note with its like attributed legal tender quality, it is said, that thus to enable the holders of the trade

a legal tender as the standard silver dollar. If the Treasury accepted this proper view, the heavy trade dollar might be allowed to circulate as freely as the lighter standard silver dollar.] It will suffice to make them receivable at the public offices, from which they should not be reissued but sent to the mint for recoining. Do not forget, the words—*United States of America*—with our motto, *E pluribus unum*, were stamped on the broad, shining backs of trade dollars nearly thirty-six million times; and in good commercial usage, it is an endorsement, the motto appearing like the sign manual of the Nation. If they were made receivable by the United States, it would not follow that they would immediately pour into the Treasury; they would simply arrive there in the ordinary course of public receipts, and be gradually recoined; the resulting standard silver dollars could then be paid out or certificates issued instead. Those who lack the courage to face this problem of the trade dollars should study them side by side with the other silver dollars; both were coined in the space of five years—the one from 1873 to 1878, and the other from 1878 to 1883. The amount of trade dollars coined amounts to the number of standard silver dollars in circulation or out of the Treasury. The first coinage was stopped; the second will soon have to be. The former perplexes us to-day, the latter will perplex the next generation still more, if we do not take some precautions and check the flow of silver—a constant current—into and out of the mints. This tardy act of recognizing the validity of an ill-favored brood of coins—the offspring of our mints—could not much increase the number of silver dollars, because the trade dollars already exist and by the recoining would only change their form."

dollars to get for them standard dollars, would be to raise the trade dollars in popular esteem and in practical value to a par with standard dollars, and thus to keep them afloat rather than to bring them in, and thus, also, to swell the volume of legal tender silver money in circulation by so much as is the sum of the trade dollars in the hands of the people.¹ This effect may be prevented by setting a bound to the time during which the exchange may be made.² If a law authorizing the exchange should run but for a twelvemonth, holders of the coin would make haste to rid themselves of it, and at the end of the time little of it would be found at large, and that little would fall back to its bullion value, and cease to disturb in the way apprehended. It is not proposed to increase by this means the coinage of the standard silver dollar, but as the trade dollars are taken in to count them as so much silver bullion, and make them meet by so much the direction to buy silver bullion for dollar coinage.

Rather All Redeemed Than None.

“Nor is the fear well grounded that there would be caused a large influx of trade dollars from abroad, to a cost to the Government, in the redemption of more than the value of them as bullion. It has been

¹ Since this report was made to Congress, millions of standard silver dollars have been coined. Is it any worse to add dollars of 420 grs. to our circulation than to add dollars of $412\frac{1}{2}$ grs.?

² No limit should be set upon the time of their acceptance. They are United States coins, and as such should always be receivable by the Treasury, during this century and the next.

stated above that there is cause for belief that much which has gone abroad has put off its character of a coin of the United States, and so is not able in that guise to come back for exchange. If, however, a serious apprehension is felt that it will return in embarrassing volume, the time for the exchange might have a narrower limit, and instead of a twelvemonth, a quarter of a year be the period fixed. This Department would rather see all the trade dollars that are afloat anywhere, brought in and made bullion of, even at a cost to the Government, if thus we may be rid of a discredited and debased coin;¹ but if this may not be, it still will wish that those in the hands of our people be redeemed in the mode recommended, with safeguards against foreign holders. If it be urged that, whatever be the sum redeemed, there will be a loss to the Treas-

¹ It was the Treasury that discredited it first, and if it is to be called a "debased" coin, it was the Government that "debased" it. Judged by its weight, it is not as much debased as the standard silver dollar, which contains all the silver that our forefathers thought ought to go into a dollar.

In the Finance Report for 1878, p. xxiii, we were told: "No distinction can be made between trade dollars in the United States and those out of the United States; but, if redeemed at all, they must all be redeemed alike. The bullion in 35,853,360 trade dollars outstanding can now be purchased from our miners for \$31,256,-050. It would be a manifest injustice to deprive them of our market for their bullion, in order to discriminate in favor of bullion coined for exportation and held chiefly in foreign countries." It is well known that millions of trade dollars were not coined for exportation, and that Treasury officials knew they were not coined for that purpose but for home circulation and the profit arising from putting them into circulation at so much more than the value of the metal.

ury in recoining the trade dollars as bullion into standard dollars, rather than in purchasing bullion in the market at ruling rates, and coining it under existing law, it may be answered that the excess of silver in the one over that in the other will be nearly, if not fully, enough to pay the cost of the manipulation; and again, that the seigniorage or profit now got from buying bullion at, for example, 99.8 per standard ounce, and issuing the same in nominal dollars at the rate of, say, $116 \frac{4}{11}$ per standard ounce, is only a seeming total profit of the difference; for in the redemption of the coin, which must be looked for and provided for as to sooner or later come, the Government must, as a rule, take it back at the same nominal value at which it was put forth.

The Monthly Purchase of Silver.

"If it be apprehended that by the proposed exchange the sum of the standard dollars will be enlarged, and more of them will be forced into circulation to the inflation of the currency, the disturbance of the relative bearing of executory contracts and the jostling of values, it is to be said that a desirable part of the plan suggested, guards from an increase of the monthly purchase of silver bullion and of the coinage of the standard dollar. That part is, that as the trade dollar is taken in for the standard dollar paid out, the former be counted as so much silver bullion, and by so much abate from the purchase in the market under the Act of 1878. And if the receipt of the trade dollars by the exchange in any month shall be, when treated as bullion, more in sum than would be

a purchase of two millions' worth of bullion, then the excess thereon can be carried forward from month to month, so far as need be to keep within the direction of the Act of 1878 for monthly purchases.¹ And this would be more or less likely to come into play as the limit of time for redemption is shorter or longer. If, indeed, no limit of time was fixed, or it was made as long as a twelvemonth, this Department could be empowered to refuse redemption in one month of a sum more than enough to meet the requirement of that act, and still make full redemption of all that is likely to be brought in therefor.

Speculators.

"If it be said that much of this coin, discredited and practically debased, is in the hands of speculators

¹ The law of 1878 permits the Secretary of the Treasury to purchase \$4,000,000 worth of silver monthly, for coinage into standard silver dollars; and the friends of this coinage charge that the constant purchase of only the lowest limit, \$2,000,000 worth monthly, is due to "the hostile, halting, and partial administration of that law" (North American, Oct., 1883, p. 310). Secretary Folger does not conceal his purpose. Authorize him to exchange standard silver dollars for trade dollars and to count the latter as part of the monthly purchase, and he will suspend the purchase of silver several months, if trade dollars are presented at the rate of more than \$2,000,000 a month. Under the plan of redemption he proposes, which is the same as was adopted (June 19, 1882) by the House of Representatives in the last Congress, he might, if he chose, purchase enough silver (not exceeding \$2,000,000 worth) in excess of the trade dollars presented to make up \$4,000,000 in the month. This year (1884) the House of Representatives was willing that trade dollars should be redeemed, but not that the purchase of silver should be suspended; and passed a law to that effect, which the Senate has not yet acted upon.

who have taken it at a discount, and that they would profit by legislation which would increase the actual value of it; while it may not be denied that lamentably this is too far the case, still it is to be answered that such is the luck brought by all debased coin when at last it is fairly redeemed.¹ Speculators will make by a depreciation and following appreciation. A law for a fair redemption must have, with its good, the evil of helping some to gain who ill deserve it. The fault is not much more with the speculative trader than with the legislation that has given him the chance for ignoble gain.² His profit is a light incident, calling slightly for attention, because of the great general good to come from calling in a discredited coinage. Besides, leave this coin unredeemed, and by and by, when public attention is at a lull again, it will be once more set afloat at nominal value, to be in fulness of time once more discredited and lowered in purchasing power to the harm of good people.³ Moreover, the information which I have from practical and reliable men, who

¹ Here the Secretary says the trade dollar is "practically debased." It does not lie in the mouth of Treasury officers to talk of speculators in this connection. Who was the original speculator in trade dollars? It was the Treasury itself, which was the original partner in this speculation, supplying the machinery and labor, the dies and good name of the nation, and by the refusal of its own coin, making it possible to continue and extend the speculation that its receipt of its coin would have immediately terminated.

² The legislation in regard to trade dollars was not wise; but the chief mischief came from the execution of the laws by the Treasury: its refusal to limit their coinage, as authorized by law.

³ "A bad coin never gets lost," is a Wallachian proverb. History abounds in examples of bad coins long continuing in circulation

are at the sources of knowledge on this head, is that those known as tradesfolk, and most of the working people not in straits, uncomelled by necessity to part with their trade dollar at a loss, have held it during panics, looking and waiting for action by the Government; and that the amount stored by brokers is a small part of what is in domestic ownership, the larger part being held by those who took them at full face for labor and in traffic in legitimate and honorable dealing. It is best, once for all, to call it in and put it out of possible use.

Two Dollars Circulating Together.

"This Department does not recommend that a legal tender quality be again given to the trade dollar, to the sudden increase of the legitimate silver money of the country, with the inconvenience and incongruity of two dollars circulating together, of the same metal, of unequal real value and of different devices, yet of equal value in payment of debts and of purchase of property.¹ It recommends that authority be given for the redemption of the trade

until redeemed or prohibited under heavy penalties. And what piece of such uniform weight, general excellence and large issue was ever thrown out and kept out of circulation? Natural laws, reverence for United States coins, faith in the nation's honesty, hope of relief from Congress or the Treasury, will tend to bring trade dollars back into circulation.

¹ There is no more harm in circulating a dollar of 420 grs. together with one of $412\frac{1}{2}$ grs. than there is in circulating two different half dollars—one of 192 grs. and another of 192.9 grs. They all circulate as tokens, at more than the metal in them is worth in the market. A dollar bill may be issued in various sizes with different colors and devices; and yet the several issues will circulate together without "inconvenience or incongruity."

dollar in the standard silver dollar, dollar for dollar of nominal value, for the recoinage of the metal so received into a standard silver dollar to accord with the law for that coin, and for a reduction of the amount of silver bullion resulting from the exchange from the quantity of bullion required to be got by monthly purchases, for the purpose of coinage under the Act of 1878. In the judgment of this Department that legislation is safe, and is demanded by character of this issue, and by the need of the people for relief from the confusion and exposure to recurring loss caused by its presence in the monetary system of the country."

CONCLUDING REMARK.

It is pitiful to add that Secretary Folger says nothing about the people's right to pay the Treasury in its own coin. Has he no opinion about that? Or has he one that he is afraid to divulge? He acknowledges that the trade dollar is a United States coin, yet he orders his subordinates not to receive it. While denying us the enjoyment of a right that he studiously abstains from mentioning, he pleads with Congress to relieve us. Congress passively neglects its duty (in fact, it is only the Senate that is indifferent). It is he who refuses the coin. But because he shows human sympathy for the sufferers from trade dollars, we must praise him. In France, five centuries ago, it was John the Good-natured who debased his coin eleven times in the year. A more chivalrous knight was not overthrown at Poictiers. That most terrible insurrection of the peasants, known as the Jacquerie, occurred during his reign.



We, the People, have the
right to pay our Treasury
in its own coin.